THE EMPIRE CLUB OF CANADA

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GOD SAVE THE QUEEN

Her Majesty Queen Elizabeth II
Queen of Canada
wearing Her Canadian insignia
as Sovereign of the Order of Canada
and the Order of Military Merit

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The Empire Club of Canada

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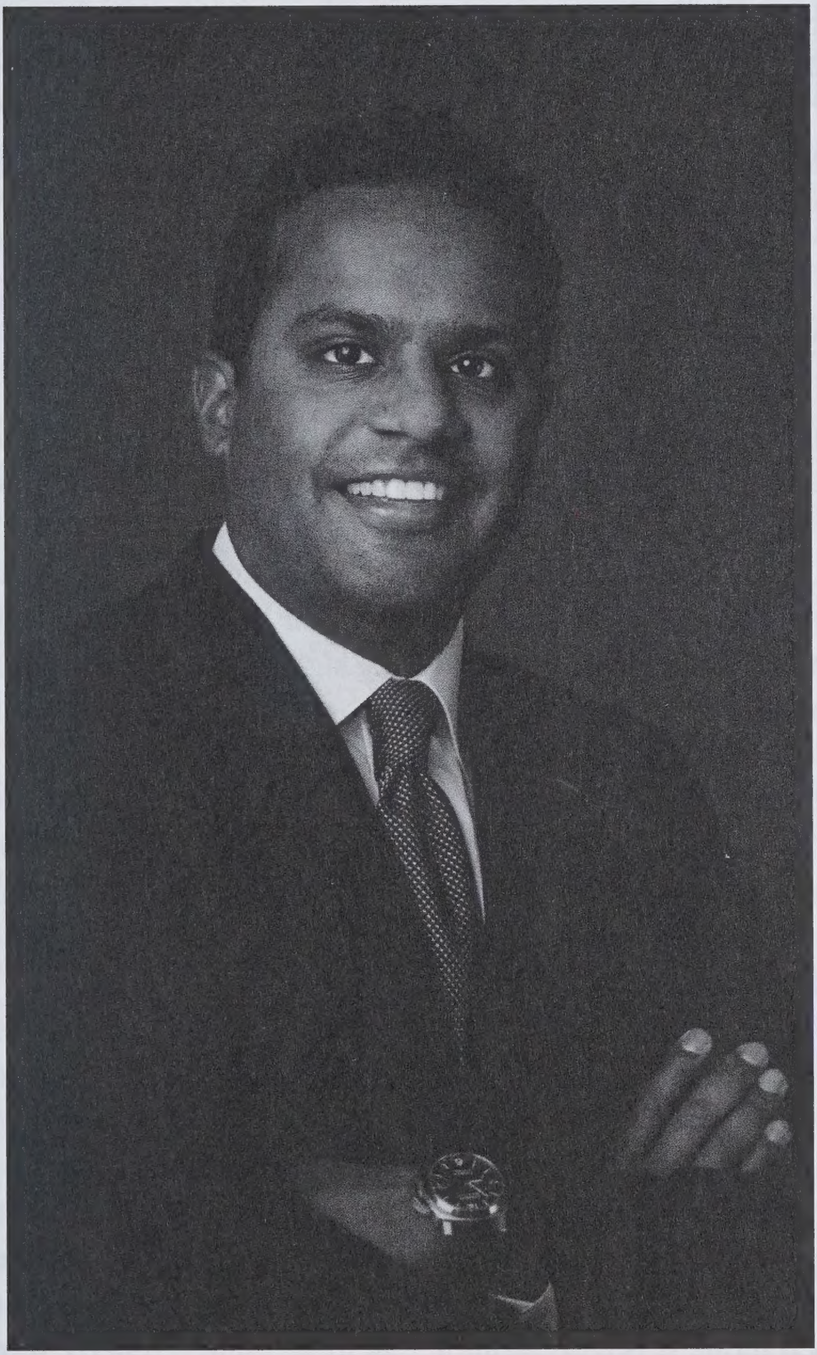

Noble Chummar
President, 2013–2014

THE EMPIRE CLUB OF CANADA PRESIDENT'S FOREWORD

Serving as the 110th President of the Empire Club of Canada has been a great honour.

Our Club stands out for many reasons, but none more than its longevity. It was built to last. Not for a season, or decade or generation. Our Club was conceived well before we were born and will, more than likely, carry on long after we are gone. Few other organizations have that kind of staying power. The Empire Club of Canada has proven to be an important institution in our nation's cultural, social and intellectual fabric.

Luck doesn't keep the lights on. Our Club has found ways to remain relevant throughout its 110-year history. The capacity to adapt with the times without losing sight of our timeless ideals—freedom of speech, diversity of thought—is why thousands upon thousands of peoplechoose to spend some of their valuable time with us. Over my term as President, it became clear our events weren't simply part of a great tradition; they are part of an obligation we take seriously. Our aim is to remain the podium of record for politicians, visiting dignitaries, business leaders and academics.

An important part of our obligation is the publication of our iconic Red Book. In one sense, it captures moments in time—a verbal snapshot of the pressing issues of the day. It is a useful guide for historians and futurists alike. It embodies the feelings of what was on the mind of Canadians at the very moment that those words were spoken by credible and celebrated individuals from all walks of life. But on another level, the Red Book is much more. It is a declaration that ideas matter. Indeed, they are essential building blocks of our communities and our country. The collection of these books is truly a national treasure.

The past year has brought me enormous pride and time for reflection. Although I was born in Canada, this experience has made me even more Canadian. I have learned so much about our great nation's history, our citizenship, and have developed a new sense of understanding of global issues as they relate to life in Canada. I hope that one day, many decades from now, the reader of these words will have the opportunity to reflect on what was on our minds today and form a better understanding of life as it was then and to use this history to improve Canada and the world. My most treasured moment this past season was when I was delivering remarks from our podium one afternoon. I looked out into the distance and saw my two-year-old daughter Charlotte and my dear wife Sheryl whose loving smiles lifted me to the stratosphere. In my opinion, they were the most distinguished guests of the Club this season!

As I write this letter, events in Canada and around the world remind us of an ongoing battle of ideas—more specifically those willing to debate them and those wanting to destroy them. In our small but meaningful way, the Empire Club of Canada will continue to promote ideas and, in turn, protect the ideals on which our society grows and prospers.

I want to express my appreciation to all those who help keep the Empire Club of Canada a vital and vibrant source of ideas—from our past presidents to the thousands of attendees; our members and directors; our volunteers and our administrative team. This Red Book is dedicated to you.

Noble C. Chummar, LL.B., LL.M., ICD.D.
President, 2013–2014

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September 5, 2013

Rick Waugh
CEO, Scotiabank

THE FUTURE OF FINANCIAL SERVICES: FINDING THE RIGHT BALANCE FOR STABILITY AND ECONOMIC GROWTH

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Andrea Wood, Vice-President, Legal Service, Telus; Christyn Tozzi, Student, Ryerson University; M.J. Perry, Vice-President and Owner, Mr. Disc ow ount Ltd., and Director, The Empire Club of Canada; Shah Shafi, Financial Advisor, Scotiabank; Terry Campbell, President, Canadian Bankers Association; John W. Torrey, Partner, Fasken Martineau Dumoulin LLP; Steve McDonald, Co-CEO, Global Banking and Markets, Scotiabank; Malliha Wilson, Assistant Deputy Attorney General, Ministry of the Attorney General of the Province of Ontario; John Doig, Chief Marketing Officer, Scotiabank; and Dr. Gordon McIvor, Executive Director, National Executive Forum on Public Property, and Director, The Empire Club of Canada.

Introduction by Noble Chummar

As of yesterday, for the sixth year in a row, the World Economic Forum recognized Canada's banking system as the most efficient and most sound banking system in the world. In the aftermath of the global financial crisis, this news is both reassuring and encouraging to the Canadian public.

Under the leadership of CEOs of Canadian banks including our guest speaker, Canada was able to mitigate the drastic effects of the subprime mortgage crisis in the United States that eventually led to a global recession.

While Canadian banks provide security within the shorelines of this nation, their reach extends much further. Modern-day Canadian banks are better titled as financial institution powerhouses, with operations touching every corner of the globe.

Scotiabank, for example, is Canada's most global bank, with operations in more than 50 countries. Since 2007, the bank has made more than 20 international acquisitions in Latin America and Asia, worth about $6 billion.

Scotiabank's 2012 annual report disclosed that 31 per cent of its net income came from Canadian banking. The other 69 per cent came from a combination of international banking, global wealth management, and global markets.

The Empire Club is very grateful to have Rick Waugh here to discuss the financial services industry, its response to the repercussions of the global financial crisis, and its implications onboth the Canadian and world economy.

Mr. Waugh began his career with the Bank of Nova Scotia in Winnipeg in 1970 as a branch employee and, over the years, has served in the bank's treasury, corporate, international and retail banking areas. In 1985, he moved to New York as the most senior executive in the United States.

Mr. Waugh returned to Toronto in 1993 and was appointed Vice- Chairman of Corporate Banking in 1995, and then Vice-Chairman of International Banking and Wealth Management in 1998. In 2003, Mr. Waugh became President and CEO.

Last year, Mr. Waugh was named an Officer of the Order of Canada for his role in strengthening the financial services industry in both Canada and abroad. Every world-class leader knows when it's time to pass on the reins. Mr. Waugh has announced his retirement so someone else can continue his legacy and also have a chance of being richer than they think.

Past Presidents, members, ladies and gentlemen, please join me in welcoming Mr. Rick Waugh to the Empire Club of Canada.

Rick Waugh

When I was asked to speak here today, it was suggested that I discuss my career and my time as CEO. It has lasted 43 years, through the good and the bad and multiple crises in Canada and around the world. We could all be in this room for a long time if I did that and most of you will be asleep—or wish you were! So in the interest of brevity—and your well-being—I will stick to a significant topic that I feel very strongly about.

We are about to mark the sixth anniversary of the beginning of the financial crisis—and it's been about five years since the failure of Lehman Brothers, AIG, Bear Stearns and others.

For those of us in banking, the failure of Lehman is one of those things that you remember where you were when you first heard it. I was travelling in Asia and I immediately got on a plane home. Since the Bear Stearns problems, we had been worried about Lehman—despite its single "A" rating—and we had significantly brought down our exposure and held zero credit risk. Despite this, like many financial institutions, we took a direct loss on Lehman. However, it wasn't material and we earned a profit for the year of more than $3 billion with a return on equity of over 16 per cent. But while Lehman deserved to fail, what made things much worse was that no one really knew how to resolve a complex bank failure.

The consequences of Lehman's collapse—the direct costs, but far more importantly the indirect and lasting costs to the financial sector and the global economy— were staggering. Regulators, policymakers and the financial industry are still working on repairs and reforms. I've spoken about the unintended negative effects of regulation on the banking sector, our financial markets and world economic growth many times in both public and private settings—yet it bears repeating.

The recent emphasis on leverage ratios among regulators around the world confirms my view that we have not yet struck the right balance in the solutions being pursued.

What I really want to talk about today is:

- How regulation is having a transformational effect on the financial industry and by extension on global economic growth.
- How we collectively must strike the right balance between capital buffers, good assets, liquidity, risk culture and management.
- And how the quality of a bank's assets—the number one factor in its safety—depends on the quality of its risk management, which is driven by a strong risk culture based on values, accountability and the right incentives.

Banks play a fundamental role in the economy. You entrust us with your deposits. And we put those deposits back to work in the system, making money available to finance business investment, innovation and job creation. It involves the proper management of capital, liquidity and risk—and the operative word is "manage." This process is essential for functioning markets, and trust in the safety and efficiency of the system is essential for growth.

Through the course of the financial crisis that trust was broken. As a result, in an effort to restore confidence in the system, regulation has changed and increased significantly, especially as it relates to capital and leverage ratios. The problem is that capital and leverage ratios only tell part of the story and solve part of the problem.

For the past several years, I have been Vice-Chair of the Board of the Institute of International Finance (IIF). The IIF is the world's only global association of financial institutions with almost 500 members.

The IIF recognized at an early stage in the financial crisis that the internal risk management practices of banks were a major contributing factor. The IIF put in place a research program to develop and promote sound practices and to monitor their implementation. This included recommendations on risk management, compensation, liquidity, accountability and transparency.

I chaired the Committee on Governance and Industry Practice, which is responsible for the research and communication of industry responses. We strongly advocated that the improvements in firms' own risk management practices are as important—if not more so—than strengthened regulation in achieving greater financial stability.

Focusing on capital and leverage can have unintended consequences. It's like trying to improve road safety by requiring cars to have more and bigger airbags without taking into account the decisions of the driver. Eventually you have so many airbags that there's no room for passengers and the driver can't see out the window. The car can't perform its function properly, and you've really done nothing to prevent collisions because airbags only deploy once it's too late.

Leverage ratios—and an over-reliance on capital— have similar issues. They dictate capital levels, but they have not historically accounted for the level of risk in banks' assets. And it's the quality of assets held by a bank that matters more than anything else to its safety.

Leverage ratios and the original Basel-based capital rules treated a government-backed home loan the same as a subprime mortgage security. That encourages stockpiling of risky assets to achieve a higher return on capital—exactly the kind of behaviour that led to the financial crisis and the collapse of Lehman Brothers.

So, what is the result of an over-reliance on capital and now leverage ratios?

It's clear to me that there is a direct impact on economic growth at a critical time.

There is a debate between regulators, policymakers, economists and the industry about how to increase financial system safety while ensuring economic growth. Studies vary in their estimates of how much the regulations will affect growth, but they all conclude that the regulations will come at some cost. Regulators and some policymakers say it's worth the cost to make us safe. In fact the G20 has recognized the importance of this issue and is currently studying the effects of financial regulation on the availability of long-term investment financing. We need this examination and debate to continue. Yes, we don't want a global crisis, but we do want a return to strong economic growth and job creation.

Let me give you a clearer sense of exactly how the over-reliance on things like capital and leverage ratios directly impact growth.

According to a survey conducted by the International Institute for Finance, regulation is having a transformational effect, and it's arguably greater than any of the current market forces banks are facing.

In response to regulatory requirements for more capital and liquidity, 44 per cent of banks are exiting activities as well as markets and geographies. In fact, Scotiabank has benefitted from this. We bought E*TRADE, Dundee Wealth, ING Direct and several banks internationally as other banks exited businesses. And, I believe that the industry will see more—perhaps much more—of this to come.

Let me give you two other recent examples. Last month Barclays and Deutsche Bank announced far reaching measures to meet growing capital requirements. In the case of Barclays:

- It will issue common equity that will dilute shareholder value by close to $10 billion.
- It also plans to shrink its loan book by well over $100 billion.

The U.K. economy has struggled to emerge from its second recession in five years. Naturally, this is something Governor Carney is concerned about. This will not make it any easier.

Meanwhile, Deutsche Bank plans to reduce loans by nearly $350 billion. That is roughly equivalent to the economic output of Denmark.

These are loans that may have gone—directly or indirectly—to help spur business investment and create jobs.

And fewer loans to businesses and entrepreneurs is just part of the equation:

- High-skill, high-wage jobs are being shed by the thousands.
- Urban centres are being weakened through the loss of quality head-office jobs and supporting jobs in IT and professional services.
- Banks are exiting countries at a time when businesses need access to global banks to facilitate trade.
- And it is hurting shareholders. Banks are some of the most widely held companies, and their performance affects millions of people from individual investors to participants in major pension plans.

What happens in the U.K., Germany and the U.S. matters to us, not just because slower growth in those markets means less demand for Canadian businesses, but because these banks lend to businesses in other markets. It affects us all.

Banking across borders facilitated the great push of globalization over the past several decades. It facilitated the rise of our standard of living. It also led to the development of emerging markets and a widening of the middle class in those markets that is driving global growth today.

As banks decide to exit markets it means less choice, reduced competition, less liquidity and higher funding costs for businesses and consumers. So how do we strike the right balance to ensure economic growth?

The best buffer in a crisis that I know for a bank is consistent profitability and earning a good return on our shareholders' equity, based on good-quality and well managed assets. Being well capitalized is also incredibly important to ensure trust. I can tell you from experience that finding the right balance has benefitted us greatly.

Pre-crisis, Scotiabank was sitting with a high-tier 1 capital ratio under Basel II standards—well beyond regulatory requirements. It was high enough that we were being criticized by some analysts for not undertaking share buy backs or special dividends. Because of our high capital levels and a return on equity that remained in the high teens, we were the only Canadian bank that did not have to issue equity during the crisis period and we were able to deploy capital to take advantage of a number of strategic acquisitions. In fact, since the crisis we've made some 40 acquisitions for more than $13 billion and still increased our loans to customers and our dividends to shareholders.

But in the case of Lehman, their capital as measured by the leverage ratio—total assets divided by shareholders' equity—looked very strong. But the assets on their books were very risky, so risky that they were unable to sell or use those assets as collateral in the market or to gain liquidity from the central bank. Capital as defined by regulators was not the problem. Lack of liquidity was the immediate issue.

The recent focus on leverage ratios by officials around the world is therefore troubling. It is troubling because there is no agreement on the appropriate ratio, and it does not measure risk.

I understand the motivation to look for an additional tool. There is no doubt that regulators have been worried that under Basel III capital rules individual banks are measuring risk-weighted assets differently. Care is needed in using these new—but old—measures so that the riskiness of assets is not lost and any effort to increase transparency is not muddied by the fact that different jurisdictions may require different ratios and management may make different judgments. It can seem confusing. But simply put, we need capital to give comfort and trust, but it is the quality of a bank's assets that generates profitability, and protects it from ever needing to use the capital buffer. And the quality of its assets depends on the quality of its risk management. This is why developing a strong risk culture and expertise within each organization is so important.

If regulators and policymakers spent more time working with the industry on building this strength versus continuing to add more complexity and fragmentation to the regulatory environment, I believe we could make much better progress to avoid crises and generate growth in our economies. We all share the same goals—to make this world a better place for our children, our countries and our economies.

In order for banks to help economies grow, a certain level of risk must be taken. It's how those risks are managed that makes all the difference. Those who get risk management right thrive; those who don't falter.

So what does it take to get risk management right?

Risk management refers to all of the different parts that ensure a financial institution is run safely and soundly.

One of the key elements of risk management is establishing a strong risk culture where the tone is set at the top, and then embedding that culture throughout the organization. You need to have the proper incentives to support the right behaviour. It takes the right people, who are well-trained, customer-focused, and who have strong personal and community values. It's about how we behave and execute the policies and processes in place.

Every large, modern financial institution has sophisticated risk models and rules. But as we have seen, not all of us are good at managing risk or using the tools that the models provide. That's because the human element, the culture of the organization, our values and understanding our customers, play an essential role. It's the people using the tools that determine if the tools work or not.

Providing credit or investing is an art, not a science or a computer model. If it was, there would be no credit or market losses. And we would all be richer than we think!

When I attend meetings with my counter parts around the world, I often remind myself, and them, that I have been fortunate to be one of the few CEOs who has actually been a branch manager or credit officer. I know what it is like to sit across from a customer and assess whether or not they will repay the loan, despite having what appears to be a good job, collateral, or a nice smile. That's where values and judgment come in, because the toughest decisions are rarely black and white. They are usually grey and we rely on our training, our values and our culture to guide us to the right decisions.

So is the financial industry making progress on this front?

The IIF regularly surveys financial institutions around the world to get a picture of the state of the industry. This year's survey shows that banks around the world continue to focus more on risk culture and risk management and their importance in the safety of the financial system.

Chief Risk Officers are now reporting directly to their CEOs, with independent access to the Board. This is something, by the way, that most Canadian banks have always done and we have consistently, over decades, outperformed our international peers in terms of credit and market losses. The industry is moving to ensure it makes good decisions on managing the risks. Regulators must resist adding more capital rules and instead collaborate with the industry on finding the right balance.

So, can regulators and policymakers work together with the industry on issues of culture, values and tone from the top?

The short answer is yes; however, I would argue strongly for principles-based supervision versus prescribed rules.

In conclusion, issues of trade, globalization and regulation are having a transformative effect on financial services and other industries and indeed on financial markets and the global economy.

The economy is still in a delicate period with little ability to absorb more challenges. The private sector, including banks, must be part of the solution.

These are complex challenges and regulators, policymakers, the financial industry and other interested parties must work together to find the right mix of capital buffers, good assets, liquidity and risk culture. We need sound principles-based supervision, rather than overly prescriptive rules and capital levels, which will not prevent the next crisis. We must balance the need to protect savings with the need for banks to perform their function of providing investment and growth.

One reason Toronto thrives as a world-class city today is because it is home to well-managed banks, who have remained profitable by embracing the right balance of capital, risk management and values.

Most importantly, our banks have maintained the trust of their customers and shareholders. In fact, just yesterday the World Economic Forum named the Canadian banking system the soundest in the world for the sixth year in a row.

Ultimately, it comes down to finding the right balance. Our collective future prosperity depends on our ability to collaborate and to find this balance, which is, of course, the Canadian way.

Thank you.

The appreciation of the meeting was expressed by Dr. Gordon McIvor, Executive Director, National Executive Forum on Public Property, and Director, The Empire Club of Canada.

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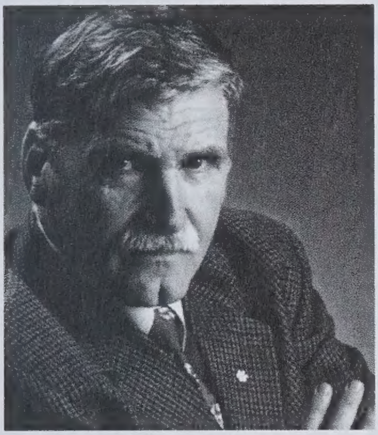
September 13, 2013



Lieutenant-General The Hon. Roméo A. Dallaire

Senator

A NEW CONCEPTUAL BASE FOR CONFLICT PREVENTION

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Tom McKaig, Adjunct Professor, University of Guelph, Author for McGraw-Hill Publishers, and Director, The Empire Club of Canada; Jaxson Khan, Student, University of Western Ontario; Capt. The Rev. Neil Thomsen, Pastor, Evangelical Lutheran Church of the Reformation, Kitchener, and Regimental Chaplain, Royal Highland Fusiliers of Canada, Kitchener and Cambridge; John Thompson, Emeritus and Contributor, Mackenzie Institute; Beth-Anne Thomas, Canadian Brand Manager, Glenfiddich Single Malt Scotch; Bill White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada; Yevgenia Casale, Chief Idea Realization Expert, Pras Publishing; Alan Bell, President, Mackenzie Institute; and Ted Griffith, Senior Vice-President, Apex Public Relations and 2nd Vice- President, The Empire Club of Canada.

Introduction by Ted Griffith

Canadians have a different relationship to their military from say the Americans or the British.

For Americans, the military is a source of national pride, glory, and, dare I say, a misplaced source of certainty glorified by Hollywood and embraced in town squares, monuments, and media stories of courage and heartbreak. While Americans don't love war, they do love their warriors.

For the Brits, their military has a history of glory dating back centuries. Yet, unlike the Americans, their stories are mostly about their leaders, their lords and commanders. And, for at least the men of the royal family, military service is as fundamental to their upbringing as is schooling at Eton.

For Canadians, however, our relationship is confused. For while we admire the brave role our military played in both World Wars and the Korean conflict, the latter part of last century was dominated by the notion of "peace keeper."

Peacekeeping sounds like a very good thing. Risk-free. Even easy. After all, the term connotes that two warring factions have some sort of peace agreement and the job of the peacekeepers—that is, the Canadian military—is to make sure everyone stays in their place. You—over there. And you—over there. And both of you— keep it that way. Now—what's for dinner?

Our guest today knows this is not the case.

If the notion of war is black and white, then peace is shades of grey and red. Peacekeeping may indeed be the most challenging of all the demands we ask of our military. Which is the source, I think, of the confused relationship that we Canadians have with our military.

War has heroes. War has winners and losers and death and wounds and the wringing hands of loved ones at home. Peacekeeping, on the other hand, tends to only get noticed when the peace starts to fail. When something goes wrong.

No one in the world knows the challenges of peacekeeping more than our guest today Lieutenant-General Roméo Dallaire. He is most widely known as having served as the Force Commander of the United Nations Assistance Mission for Rwanda. While the mission is generally regarded as a failure, General Dallaire's role is recognized as heroic, as he managed through the extreme limitations of the imposed rules of engagement that, if I recall correctly, allowed troops to fight back with what the general called "everything we've got—if everything means a well-sharpened pencil."

General Dallaire is the founder of the Roméo Dallaire Child Soldiers Initiative, a Senior Fellow at the Montreal Institute for Genocide and Human Rights Studies, and Co-Director of the Will to Intervene project.

He is also the author of the book "Shake Hands with the Devil" and the recipient of so many awards and citations that to list them all would take the better part of this luncheon. He is also a senator, which demonstrates that he's not perfect.

Yet suffice to say, in a country where our heroes tend to score goals, he is one of Canada's truest heroes.

Roméo Dallaire

Thank you Mr. Griffin and thank you members of the Empire Club for offering me the opportunity to speak to colleagues and friends in a world that has become more and more complex and ambiguous with regard to conflict and conflict resolution, let alone conflict prevention. I am speaking on the one hand as a soldier and secondly as a retired general and an apprentice politician. As the U.S. Marine colleagues of mine taught me, I am going to power talk my way through this lunch.

I am also quite enamoured by the fact that I am speaking here as the patron of Wounded Warriors, which I think McKenzie is supporting. I am a wounded warrior myself, have a son who is a Captain in the Army, who is also a wounded warrior, and am the son of a wounded World War II veteran. I also have a father-in-law, who served in that war. So it's close to home.

But what brought it just that much closer is that Glenfiddich is supporting Wounded Warriors and I do love scotch. I think it is very innovative that we have a great drink to support wounded warriors.

I am also proud to stand before you as a spokesman for those who are injured in these conflicts and for a group that's trying to reduce the possibility of injury, particularly when facing some of the very, very ruthless belligerents that are out there in these conflict zones, who are going against the protocol on child rights and recruiting youth below the age of 18 and using them as the primary weapon of war in those conflicts. When I was doing my Senior Fellow at the Kennedy School, I launched a research program on how to eliminate a weapons system that was introduced in the late ’80s in Mozambique that has now become one of the primary weapon systems in many of the civil wars, imploding nations, failing states that are occurring right now around the world. That is the use of young boys and girls in the primary task of fighting those conflicts. We are talking about over 250,000 of them at any one time in over 30 conflicts or military forces around the world and about 40 per cent of them are girls.

When I was in Sierra Leone negotiating and getting kids out of the rebel forces at the ebbing part of that war, I could get 10 boys for every girl out of the bush, because girls were far more useful than boys. They are not only up front doing the evil things that these adults are imposing upon them, but they are also in those male-dominated societies doing all the logistics, all the bivouacs and so on. They are also the sex slaves and bush wives of the commanders. So girls were far more useful; however, the impact on them was even more catastrophic than for boys because we could rehabilitate and reintegrate a boy because it was the warrior thing. Societies would take them back and communities would be more attuned to them and adjust to it. But the girls, because they had been soiled, were refused and shunned by the community and they often had a child or two so you can imagine the long-term impact of these conflicts on them in those countries. The recent operation in Mali is an example where we’ve seen forces facing a rebel type of force where the recruitment of child soldiers was extensive; we’re talking close to 10,000, of which an estimated 1,000 were casualties. We are killing kids around the world because adults are using them as the primary weapon system in small arms proliferation. A nine-year-old can be very effective with an AK-47.

This brought me close to the child soldier, but also close to a particular dimension of the wounded warriors and that is, “What creates these wounds?” What is the most prevalent wound that we are now seeing in these very complex and ambiguous missions?

They have nothing to do with the old classic NATO Euro-centric force on force where a couple of million professional soldiers were facing a couple of million others. Well that ended in 1989 and we find ourselves in a whole bunch of other types of conflicts that are not less ruthless. On the contrary, many of them have become even more ruthless as the belligerents are less and less inclined to follow humanitarian law or the laws of armed conflict. They have no problems using the civilian population as both an instrument of war and a tool to gain power. In Rwanda, 20 years ago, the extremists moved over four million people. They literally moved four million people. They also slaughtered nearly a million in doing it, all in 100 days. The world watched it and no one was really interested.

When the genocide commenced, and they entered my headquarters to debrief me, they would say, "General, we are not going to send anybody to reinforce you." I would say, "Well why not?" and they would say, "Well there is nothing here." I would say, "What do you mean"? They would say, "Rwanda is of no consequence; it's not in a strategic position, there are no strategic resources, and there is no oil or anything of that nature. The only things here are human beings and maybe there are too many of them anyway." The only things here are human beings. That didn't carry the day.

Since then Canada brought in "responsibility to protect" and got the world to agree to it in 2005. Look at the conflicts that are still ongoing today. Conflicts like Syria are not conflicts where we can go in and blast our way through it as we did in Libya and left significant insecurity in the region. It has to be a far more sophisticated use of things, like responsibility to protect, preventing mass atrocities of people, and getting in there and separating the forces, early enough that you need a minimum of force. We poured 67,000 into ex-Yugoslavia. So why can't we pour 67,000 into Syria, if we need that many as a separation force to produce a ceasefire, so we are able to negotiate, stop the bloodletting, protect the civilians and ultimately throw the right people in jail through the International Criminal Court.

That requires a lot of statesmanship and I would argue there is quite a dearth of that right now. There is a lot of political managing, but not much statesmanship. Middle powers like Canada need to be in the forefront, on the ground. We don't carry the baggage of big powers and may have more room to manoeuvre with the African Union, with the Arab League and so on, without giving them an ulterior motive, other than simply wanting to bring stability and protection to civilians.

The wounds of this type of complex and ambiguous mission have created a generation of veterans still serving and not serving that are walking wounded. We have coined "Operational Stress Injury" in Canada as the catchall phrase of the impact of the traumas of operations in the civil wars, where you are faced constantly with ethical, moral and legal dilemmas for which we have no set answers. There are no tactics for many of the problems that we face when civilians are caught up in the midst of a civil war, where extremism is playing by none of the rules. You are constrained often by your own national assets that you are not willing to commit in order to take casualties. Our fear of casualties is in fact a dominant decision maker. We were out of Afghanistan far too early, not because it cost us an arm and a leg, but because it cost us 158 killed, about 650 severely injured and close to 5,000 who are injured psychologically. That's why we are out.

The problem is that we haven't really done that assessment to the full. The real assessment is that we are probably closer to 200 killed. Why? Because those who have been injured psychologically through what is known as post-traumatic stress disorder have been taking their own lives. The boards of inquiry have proved that their suicides were directly related to the injury of post-traumatic stress. Last week, from my old regiment, a 21-year-old, who was in Afghanistan and was caught up in a fire-fight with a forward observation group in the artillery, simply could not handle it. Even though he was trying to work through it with medication and therapy he hung himself. Last Monday, we put flowers on the grave of a Major Luc Racine, who was one of the 12 Canadian officers to reinforce my mission. They reinforced my mission during the genocide by keeping two Hercules aircraft flying that permitted us to evacuate our injured and get some resources in. He committed suicide five years ago, 14 years after the mission, and this was directly related to the traumas lived there.

The injuries of post-traumatic stress on these soldiers, if not caught early, exacerbate and become much more difficult and complex to handle. We are now seeing that those who are injured, even though they are getting certain levels of care, create a significant impact on their families. The impact comes from two sides. One side is the fact that families live the mission with us now. My mother-in-law, when I came back from Rwanda, said she would have never survived World War II if she had had to go through what my family went through. My father-in-law commanded an infantry regiment in World War II and she knew nothing of what was going on over there. There was censorship, very poor communications and the whole country was at war. So they were able to handle it in that way. But today our families live the missions with us because the media is everywhere and soon the media will be in the trench where that soldier is going to get a bullet between his eyeballs. Media are going to give us a play-byplay description of it. They are providing that information and our families are concerned all the time whether we are being injured or captured or killed or whatever. So when they come back from these missions they have been stressed out, they have lived through some very complex traumas as you have, but there is a disconnect here. That disconnect is the fact that although the military are being handled by the federal government through either Veterans Affairs or Department of National Defence if they are still serving, families are not getting therapy, medication and peer support, which is crucial. The families are in the hands of the provincial system and there isn't one provincial system that isn't smothered under the demands of psychiatric help and mental illness demands. So the families are left hanging. It's one thing to help the soldier, but if you are not helping the family, you are not achieving your aim. So that's got to be looked at.

I gave a presentation at a new entity called The Military Mental Health Institute—25 Canadian universities being led by Queens and the Royal Military College, looking at how to reduce this type of injury, how to handle it in the field and then ultimately how to be more effective in treating it. I presented a paper in which teenage children of those who are injured are now committing suicide because they can't live within the family where the pressures and stressors are so massive. You don't know what might happen one day to another. The schools are not attuned to this. They are not getting any special treatment and they are often shy about the impact of this injury. It often leads to alcoholism or drugs or other sorts of extreme scenarios. They tend to keep it inside; they have been killing themselves.

If you are committing soldiers in this era, you are now committing the families whether you like it or not, and the families better start falling under the rubric of Veterans Affairs and National Defence because you cannot disconnect them anymore. So are we still behind the eight ball? We are still trying to grasp the full nature of these injuries, but we have come an incredibly long way.

I went public in 1997, that I was injured by post-traumatic stress. It came about because I had, as a two-star general, to give a press conference on why 11 soldiers had committed suicide in one regiment that had been deployed. I said that there was a whole series of circumstances, and the mission was only one component of it. I knew damn well that the mission had been the overriding factor that triggered all the others and why they had killed themselves and why families were breaking up and why we were losing superb soldiers, who were being thrown in jail because they were in bar fights or simply abandoned in the street.

This injury, as we are trying to grasp it, needs innovative ideas. It needs innovative approaches. This is where Wounded Warriors has been coming to the fore, more than the system, which tends to want to have all the technical Is dotted and Ts crossed and so on and fundamental assessments done which can take decades. We don't have decades because we are losing soldiers left, right and centre and destroying so many families. We need innovative approaches that we can field and that we can assess and we can adjust, in a timely fashion. So Wounded Warriors comes in with dogs, canine support. One of the most demanding dimensions of being injured with PTSD is that you tend to feel alone and you don't want to talk. The actual grey cells have been shocked and you are trying to realign how to handle stress, how to handle groups, how to handle communications. If you don't have a peer support person, a person who is willing to sit there for four hours and listen to you talk and cry and laugh without asking a stupid question, then what have you got? What warmth do you have? What other entity alive do you have that might give you some solace and some reason to want to maybe continue, not just to exist but possibly even want to live, to go beyond what the minimum of that injury may impose upon you. Dogs have proved to be extraordinary loyal companions. Out West, Wounded Warriors is working with horses. I am not a horsy type guy. I am from Montreal. The gang out West finds it pretty useful, so why not. It's extraordinary how those huge animals have a relationship with human beings. It is permitting them to remove the pressure of that injury, that hurt that has physical impacts. The day after I left Rwanda, my left shoulder/arm was completely paralyzed. Four months later it disappeared. After all kinds of scans and this and that and so on, they found nothing. It was purely stress.

We need innovative thinkers. We need innovative approaches. We need timely support to handle the legacy of Afghanistan, but also 20 years of peacekeeping, peacemaking of conflict resolutions that we have been engaged in since the First Gulf War in 1991. The Canadian Forces, for the last 25 years, has been a military in the field hoping to come back to garrison to lick its wounds, contrary to the bulk of my career during the Cold War, where we were a garrison military prepared to deploy to war. The system didn't recognize that and took decades to bring in some of the solutions. We are discovering that some of the solutions are not still within, but are from without to influence us, and Wounded Warriors is one of those entities. The Child Soldier Initiative, which I am leading, is in Sierra Leone. We are in Central Africa. We are looking at the drug wars in South America and ultimately even looking at this country where children are being recruited for overseas or being recruited in gangs.

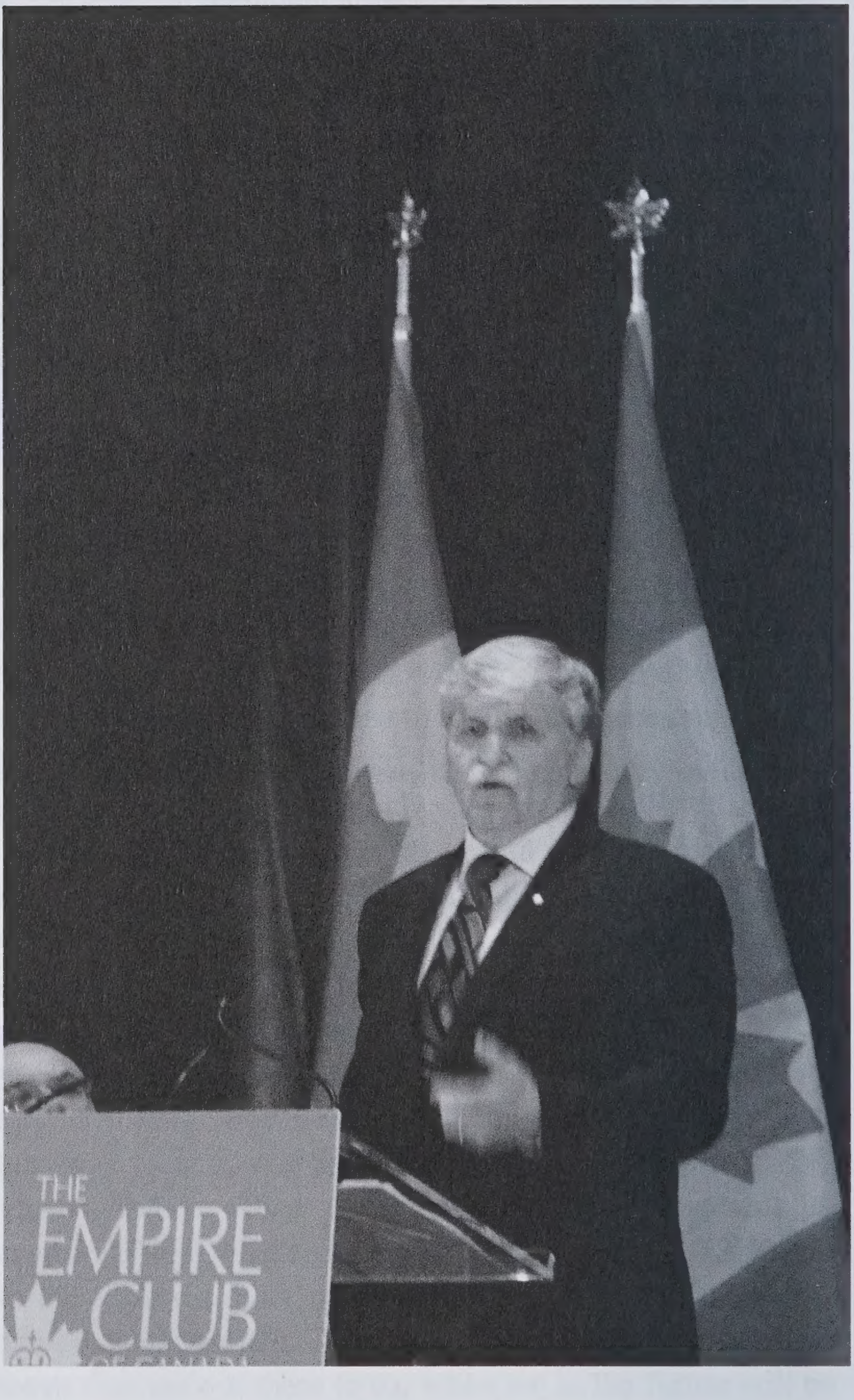
One of the reasons we are looking at it is because how many children can a soldier kill without coming back home and being not able to look at his own? The only doctrine out there is you treat them as combatants and you use lethal force in self-defence or within the operational context. Be it a girl 13 or a boy 15, if they are in a combat scenario that is your responsibility, that's the only doctrine. We are arguing that we can stop the recruitment and we can also make the children a liability to adults who want to use them. We are creating casualties between the ears of our soldiers who are committed to these missions facing these kids and ultimately being significantly traumatized.

Here is a small example. This week I was at the Royal Military College discussing with the commandant a number of subjects and one was to continue to encourage the support from officer cadets. Twelve officer cadets in 2011 organized a walk up Kilimanjaro. They collected $32,000. They needed $12,000 to handle the logistics. So they gave a cheque of $20,000 to my research on child soldiers. They said, "If we can help you reduce the threats that are out there to us, when we in the future will be commanding troops, and reduce the possibility of injuries, then maybe that makes sense," and it does.

So ladies and gentlemen, investing in taking care of our current generation of veterans who are wounded is an investment in preventing that same wound being so catastrophic in the next round, because we will have learned. We will have used innovative approaches. That's why we need Wounded Warriors to fund and to innovate and to give us the metrics needed to change policy. We are still in Afghanistan with the last of our forces coming back within the next couple of months. We will be straddled with the injuries of that war, not only the physical but the psychological injuries for decades to come. So Veterans Canada, the Department of National Defence, and the Canadian population, yes we invest in trying to prevent, yes we invest when we deploy, yes we invest in order to ensure we can win, but we had better be prepared to invest so they don't come home wounded and don't end up destroying themselves and their families because of what we asked them to do.

Thank you very much.

The appreciation of the meeting was expressed by Alan Bell, President, Mackenzie Institute.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September 19, 2013

Brenda Halloran
Mayor, Waterloo, Ontario

Dan Mathieson
Mayor, Stratford, Ontario, and Chairman, Municipal Property Assessment Corporation

John G. Jung
Chairman and Co-Founder, Intelligent Community Forum

BRENDA HALLORAN AND DAN MATHIESON IN CONVERSATION WITH JOHN JUNG INTELLIGENT COMMUNITIES—THE KEY TO DRIVING LOCAL PROSPERITY AND GLOBAL COMPETITIVENESS

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Mark Romoff, President and CEO, The Canadian Council for Public- Private Partnerships, and Director, The Empire Club of Canada;Bryan Boyd, President and CEO, TeraGo Networks; Dr. Gordon McIvor, Executive Director, National Executive Forum on Public Property, and Director, The Empire Club of Canada; Al Duffy, Former Mayor of Richmond Hill; Rev. Doug McLeod, Minister, Parkdale United Church, Toronto; Barry Gander, Co-Founder, I-Canada, and Executive Vice-President, Canadian Advanced Technology Alliance Property Assessment Corporation; The Hon. David R. Peterson, Chairman, Cassels Brock & Blackwell LLP, and Former Premier of Ontario; and John Campbell, President and CEO, Waterfront Toronto.

Introduction by Noble Chummar

Every day, many of us will read newspaper and magazine articles broadly commenting on the global economy and global development. "Globalization" describes our modern world.

The rapidity of information sharing and groundbreaking advances in technology bring humanity closer, yielding possibilities we would have never dreamed of only a few decades ago. It was at this very podium, at the Empire Club of Canada in 1917, that Sir Alexander Graham Bell reflected on the impact of his little invention called the telephone.

Intelligent cities recognize a community for more than its economy and services, but rather as a living, vibrant contributor to its regional and the global economy. Communities are where we live. It's where we learn. Communities on their own are unique and culturally important, but an intelligent community is a city that collaborates effectively with the world outside while embracing change and technology. Intelligent communities empower their citizens to adapt to the rapidly changing landscape of our planet.

To introduce our guest speakers and moderator, we have the CEO of a company that is doing just that to many communities across Canada. TeraGo Networks is a leader in connecting people to technology, to each other and to the world. Ladies and gentlemen, please welcome Mr. Bryan Boyd, CEO of TeraGo Networks.

Introduction by Bryan Boyd

Thanks very much, Noble. As you know, I'm Bryan Boyd. I'm the CEO of TeraGo Networks and we are deeply invested in the notion of intelligent communities. Our specific area of focus is to help the businesses in these communities be competitive on a world scale and to help grow, in scale, their businesses.

It is my privilege to introduce the panel for this afternoon, which I think is going to engage in a very thought-provoking and powerful discussion on the topic of intelligent communities. We've got some people that are truly at the forefront of this topic.

Mayor Brenda Halloran is from Kitchener-Waterloo, which, as we all know, is a hotbed of technology. It's also a hotbed for the education of people who are going to move technology to the next level in the future.

Mayor Dan Mathieson comes from Stratford. If you've not had the chance to see what they're doing in Stratford—I have—you should go to Stratford and see what these people are doing to make their community competitive and at the forefront of intelligent communities.

Last, but certainly not least, is John Jung, who is the Chairman and the Co-Founder of the global think tank called Intelligent Community Forum. I'm now going to turn it over to John to give us some opening remarks.

John Jung

Mr. President and members of the Empire Club of Canada, thank you very much for inviting us here. I'm here representing the Intelligent Community Forum (ICF). As you heard, we're a global think tank, headquartered in New York City, but it should have been headquartered here in Toronto. I'll tell you why. In September 1995 in Toronto, at the Westin Harbour Castle Hotel, the first Smart Conference in the world was held. We had an opportunity to have the Intelligent Community Forum headquartered here. In fact, we're now having a conversation something like that moving forward in the community.

We'd also like to hold the 20th anniversary of the Intelligent Community Forum's event here in Toronto. We'll be talking about that with our colleagues from Waterfront Toronto, i-Canada and many others. We look forward to some of you participating in that.

What do we do at the Intelligent Community Forum? We study the economic and social development of the 21st century economy, and the communities that make that up.

We recognize that smart urban planning is all about improving quality of life by building prosperous, inclusive and sustainable economies. We believe that technology is essential, but is merely a means to that end.

ICF promotes a series of criteria, which we'll talk about today, and it promotes sharing best practices all around the world. We have two pioneers with us here and their communities do share that information globally and inspire others to want to be very much like what their communities are about.

The reason we're here today talking about this very important subject is because a smart community is happening somewhere in the world every day. I was in Taipei last night. There are a dozen smart communities in Taiwan. There are 200 smart communities on the drawing boards for China, and I was told yesterday maybe as many as 600 to 800. The mayor and I were in India just recently. We know of communities there, dozens of them, which are about to embark on becoming smart cities. We know they are happening in South America, the rest of North America, Europe, and even in Africa.

There's a difference between a smart community and an intelligent community. There are also "dumb communities" but I don't think there really are any dumb communities. They are just not aware yet. Having said that, it's pretty easy to change from being a dumb city to a smart city. I can give you a phone number, you can contact one of the vendors, and they'd be happy to sell you a smart city in a box. I don't mean that to be disparaging. It's all about scale. Communities do it all the time. We have CIOs and city engineers coming up with a strategic plan of putting infrastructure, very important infrastructure, including high-speed broadband, in their communities. Some communities just stop at that. Smart cities advertise the fact that they have all this infrastructure. Why? Because of efficiencies, cost savings, and setting priorities, they're able now to be very productive. Being productive is fantastic. It's a great civic goal.

I think intelligent communities go beyond that. They look at it much more holistically and try to ensure that they put people into that equation. People are very important. Unfortunately, sometimes smart cities forget about people and the issue of quality of life. The two mayors, whom we're going to speak to today, are going to be talking about what they're doing to promote intelligent communities.

We have a set of goals at the Intelligent Community Forum to advance this idea of intelligent cities around the world. We have 120 cities that we work with right now, 19 here in Canada, and we hope many more to come. We announce 21 every year. We hope many of them are, in fact, from Canada and from Ontario.

We are looking forward to hearing from these two mayors about their journey and also, perhaps we might get a moment at the end to have some question and answer time, so you and your communities can become intelligent cities, smart cities and intelligent communities as a whole.

Can I ask Mayor Halloran to start and give a few minutes' talk about her journey to becoming an intelligent community?

Brenda Halloran

Certainly. Good afternoon, Mr. President and members of the Empire Club. I must tell you, this is one of the bucket-list moments of my life. I've always dreamed of being here. There's this mystique about the Empire Club, so now I can tell people it's a great place and wonderful people are here. Thank you so much for inviting me and being interested in this topic, which is something very near and dear to my heart, and something that I live and breathe every day.

In 2006, the City of Waterloo embarked on applying to become recognized as an intelligent community. What happened at that time was that the leaders of the community got together and created a very strong committee—David Johnston, who is now our Governor General, Jim Balsillie, who we all know was part of RIM, community players, as well as the mayor at that time. I wasn't the mayor at the time. We did a community audit. We looked throughout our community at what was intelligent, what needed to be highlighted, what needed to be changed and what we needed to focus on.

In 2006, we became one of the top seven. In 2007, the community banded together again, and said, "We're going to win this time." Another community audit was done. More work was done. More companies and more nonprofit agencies were brought on board. The community really got behind this idea of becoming an intelligent community. Waterloo is kind of geared that way with our universities, our strong academic sector, and our really exciting high-tech sector. I'll never forget the moment when they announced that the City of Waterloo was the intelligent community for 2007. I know John was there. He's very proud. There's a whole group of us from Waterloo. In Waterloo, we're kind of an interesting group. We're still talked about because when they announced our names, we jumped up, started hugging, and hugged everybody in the room. It's not an urban legend. We did all of that.

It embarked us upon a journey that has not ended. In 2007, we came back from New York and we were inspired and we were determined. We haven't lost that dream, that vision of continuing on our journey as an intelligent community. What does that mean? For me, as mayor, it means that we are always looking to a future vision, to setting high goals, and to pushing ourselves further. There's this wonderful competitiveness about what other communities are doing. What are they doing in China, in India, in Taiwan and in Europe, the cities that we know and meet? It's pulled mayors and communities together, globally. We share information. We help each other out, because that's what intelligent communities do. We take care of our citizens. We work hard in our communities. We look at how technology can change the lives of people and improve their quality of life. That's what we're doing in Waterloo. It's still exciting for me to be able to talk about this in 2013. We're not finished yet. We have a long way to go.

John Jung

Likewise, Mayor Mathieson.

Dam Mathieson

Thank you, Mr. President, members of the Empire Club. It's a privilege for me to join you today. The City of Stratford, for many of you that don't know, is a city of 32,000 people in Perth County, the largest productive agricultural county in the country. If you can picture pork and dairy farms surrounding a beautiful community that has a Shakespeare theatre in its 61st year, a cultural icon in not only Canada but the world, you have the dichotomy that is Stratford. It is a coming together of industry and the arts.

Stratford, through our strategic plans, strove to be a community of excellence with worldwide impact. We decided very early on through the deregulation of our hydro-electric company, that we would not only retain our assets, we'd buy the assets of other communities. We know that in the future, from a community vision standpoint, access to hydro-electric power and broadband connectivity, were going to be strategic key pieces in the economic and social development of our communities. Stratford laid some 70 kilometres of fibre around our city to create a spine and root nodes that would service not only our industry, but also our government services and needs for our community to be connected.

We embraced information communications and technology and we started to look at a lot of the decisions we made as a civic government through that lens. We entered into an agreement with David Johnston, then the University of Waterloo president, now the Governor General. We entered into an agreement to create the University of Waterloo Stratford Campus around the Faculty of Digital Media housed in Stratford, digitizing assets and looking at culture; all the things that you have in your world that will be online in the future. We created that faculty at one of the greatest universities in the world for technology. That linkage to the Waterloo Region was the first one of our many plans.

We then, through the Smart Meter provincial initiative, decided that we needed to move forward. Many communities had decided they wanted to put their Smart Meterson 900 MHz radio, which was yesterday's technology. We decided to build a ubiquitous Wi-Fi network over the community of Stratford. We have Wi-Fi covering the entire City of Stratford. We did that because we understand that for social and economic development underprivileged and low-income families as well as our businesses need to be able to get online. We make sure that our culture, our heritage and our community development is based on broadband connectivity.

We've been fortunate that in 2011, 2012 and 2013, we've been named one of the top seven communities in the world by the Intelligent Community Forum. In all of our civic decisions, whether it be planning, whether it be infrastructure, or whether it be community services, we look at how technology can improve the efficiency and improve the reach, or add to the quality of life of our visitors and our residents.

To that end, we have many interesting developments. We are, by the end of this year, going to have our city bus network completely Wi-Fi enabled. We can learn the demographics of people when they swipe their bus pass.

We can learn who's on the bus, what the demographics are and what ads should actually be placed on those buses. The data will contribute revenue to the city. That's just one initiative that we are looking at and executing in Stratford. What communities need to do in the future is understand connectivity and the social, community and economic development as it drives quality of life and, of course, revenue. That is just, in brief, what Stratford is doing that differentiates itself from others.

John Jung

Certainly the benefits to your citizens are immense. I'd like to jump to a question that many people today might be wondering about, that is the Waterloo ecosystem. Let's start with Waterloo. Can you talk a little bit about what's unique about it and how you're able to evolve the innovation and attract talent and attract investment to the community?

Brenda Halloran

Waterloo is quite a unique place in many ways. I've learned as mayor that we have a lot of entrepreneurial spirit and people want to work together and be innovative. I've learned that our community is quite unique in that sense. It's so wonderful for us to be known for our innovation and entrepreneurship. That spirit exists throughout the community. It starts with our universities. We have the University of Waterloo and its IP policy, its Intellect Property Policy. This started back in the '60s. We equate our success to that visionary policy. It was created so that when somebody graduates from university or is part of UW like Mike Lazaridis and you've invented something, you get to keep it. You get to keep the money that it creates. It doesn't go back to the university. That has really encouraged generation after generation of graduates from the University of Waterloo to stay in the community, because they can keep their IP; they can create companies out of it and they can thrive in our community. That's been a real major boom for our community. Because of the technologies coming out of the universities, it's attracting technology globally. We have institutions like the Accelerator Centre that is at our Research and Technology Park. We do a lot of partnerships between different levels of government and the community leaders themselves. The City of Waterloo, the provincial government, the federal government and the University of Waterloo partnered to create our large Research and Technology Park where we now have the Accelerator Centre. It's an incubator centre for start-ups. We have our Angel Networks here. I want to acknowledge G10. Rob Douglas is here. We are very fortunate to have investors coming to our community under his guidance and leadership.

There are so many things that have been coming together for us for many, many years. For me, it just boils down to the right people at the right time and the right place, because you can't be successful without people with a vision and a dream and this "let's-do-it" attitude. In Waterloo, we always say, "What's in the water in Waterloo?" That's what David Johnston used to say about us. The water is the people, the dreams, the visions and the determination. It seems that we are very competitive. If one company is doing well, somebody's going to say, "You know what? I can do better," or "I can team up with them," or "I can collaborate with them."

Meetings or community events are always a wonderful networking time. People are constantly networking and saying, "You should meet so and so. You should be together." I love my job, because I get to pull people together and say, "You need to meet this person and this person will help you." We band together. We have this strong sense of community pride, not only in the city, but in the region. We want to be the best. We're an intelligent community, but we have to work together and that's what we do very well.

John Jung

Mayor Mathieson, you had partnerships that have grown in your community. Another comment that you've made is you have to be a smart city in order to become an intelligent community. Can you talk a little bit about how you've grown from being just a smart city to actually becoming an intelligent community?

Dan Mathieson

Sure. I think it's safe to say that many people don't understand what smart city or intelligent communities mean; they think it's being able to say we have Wi-Fi coverage or we have Internet access or you can get up and down bandwidth of X. In Stratford we make sure that not only do we have that, but we actually use it to some net benefit. In doing so, we've created what we call the "living lab" over Stratford. The living lab is actually our fibre root nodes and our Wi-Fi coverage.

We've talked to companies around the world and offered them the opportunity to come and test their products within our city. No matter what it is, we've allowed them the opportunity to do it. We do so, so that we can actually find out whether or not they're going to work.

I'm going to give you a couple of examples. Toshiba Lighting and Technology out of Tokyo have LED lights. Every city's got LED lights. Toshiba has now developed LED lights that are all IP addressable. Each one of those is actually a router than can take a Wi-Fi signal across and help create your Wi-Fi network. They're actually IP addressable, so that if the police need to dim down or dim up those lights, they can. They have photovoltaic sensors on them that sense the amount of ambient light that's coming off the harvest moon like last night and actually dim those LEDs so that they only use 60 per cent instead of the full 100, for energy efficiency. We've allowed them to test those in Stratford.

Now we're going to deploy 13,000 new streetlights and we will actually get a discounted rate to do so. We've actually been able to test the latest technology to make sure it's going to work within our system.

Another example that I like to use is Leo Novus. We talk about being able to go online and look at any program that you want to watch as opposed to taking it from cable providers or satellite. Leo Novus TV out of Ottawa and Paolo Alto, California, came to Stratford. They have been here now for three years. They are on their third phase of a beta test. They have a talk box that we've put on our Wi- Fi network and it basically turns your typical home TV into a computer, which allows you to go out to the Internet, find the latest technology or the latest program, and watch it in real time or whatever you want to do.

The interesting part of their technology is that when you're not using TV, they're using what they call a disbursed data centre. They're using the CPU within that TV box to process non-critical data for companies around the world. They're deploying a hotel in Waterloo, all 200 rooms, to further test this out and show it works. In the future, they'll give you one of these boxes. You'll supply the power for the month, which is pennies, because they're energy efficient. You won't need to pay for your access to the TV and they'll have a disbursed data centre running non-critical data helping companies around the world and it'll go through the Cloud. They've been testing that in Stratford for three years. We have options because they're a publicly traded company. If they prove this technology, we can strike at a certain price and the revenue generated for being part of that beta test comes back to our community to either offset further investments in technology, to offset tax-needed revenue or to go into capital reserves for other initiatives. Those are some of the ways that a smart community becomes an intelligent community.

John Jung

Mayor Halloran, Waterloo's history is really something unique. It's one that's filled with entrepreneurs, innovation, leadership, and this other concept called collaboration. This transformation has evolved and actually people have thrived in this transformation. I want to talk a little bit about the big elephant in the room here. Some of you would be very unhappy if I didn't ask, but BlackBerry's going through its own transformation. There are a lot of rumours out there, but talk a little bit about the kind of community, the ecosystem, again, that your community's all about. You're 120,000 population; the region is a little over half a million. How's this impacting the community and how do you see it evolving over the next several years?

Brenda Halloran

Thank you for that, because everywhere I go, it is the elephant in the room for me. I'm very proud of BlackBerry and I'm a Canadian who's proud of BlackBerry. I think we all should be. This is one of our biggest tech giants that put Canada on the map. They're going through their own transformation, their own reorganization and they're out there fighting globally for their position in the tech market. We all know that. We're all aware of it. BlackBerry has evolved out of Waterloo. They are not the only thing in Waterloo. I think that outside our community, people think Waterloo's just BlackBerry. BlackBerry's just one of the large corporations and tech giants that have come out of our community.

Look at Open Text, DALSA, AGFA. BlackBerry is a strong corporate citizen and has been very generous to our community. Through the philanthropic donations of Mike Lazaridis, we've got the Perimeter Institute. We have Stephen Hawking coming to visit us every summer. We have, through Jim Balsillie, the Centre for International Governance Innovation and the Balsillie School of International Affairs. Their donations to our community have been just breathtaking. I want to always thank them and always acknowledge them as great Canadians and people who give back to the community.

Mike Lazaridis is a true Canadian hero. He was the inventor of the smartphone. I've been in groups where all they talk about is, well, Apple and Steve Jobs. I've actually said, "Wait a minute. What about Mike Lazaridis? He's a Canadian. We should be celebrating Canadian technology and supporting Mike." I'm a mayor and I'm proud of BlackBerry. I'm proud of all the corporations in our community. BlackBerry is going through, from what we understand, Phase II. There are a lot of rumours, a lot of speculation, but our community has been going through this transition with BlackBerry over the past year. As employees are released, they are being reabsorbed by our community, because we have such a thriving tech sector.

Through Communitech, we have a job fair set up. The city is involved in helping people become relocated, finding new opportunities. The community is really pulling together. The tech community is seeing this as opportunities to get its hands on talented, skilled people who it has been waiting for. We currently have over 1,000 jobs in the tech sector. We're finding that, as RIM is transitioning employees, they're basically walking across the street and companies are thrilled. They're creating start-ups. They're filling voids in companies with tech leadership.

We're doing really well, but the rest of the world's kind of saying, "What's going to happen to you guys?" We're okay. We're doing fine.

We have Communitech, which is a non-profit agency that helps promote tech sectors and brings in investment. We have one or two start-ups a day happening in our community. We're seeing a lot of big advances happening throughout our communities. Waterloo is tech, but we're also automotive manufacturing. The academic sector is very, very strong and resilient. We have the insurance sector, the financial institutions. We're very resilient. We've been changing and evolving and growing. The city is just growing.

We're seeing growth continually throughout the community. The universities are expanding. A lot of money is being invested in big buildings. It's an exciting time for Waterloo. We're supportive of BlackBerry and we're behind it. We're going to do well and will continue to do well. I'm very proud of where we're at.

John Jung

Just before I go back to Dan, can you talk about what this new idea of Canada's Tech for Food is all about?

Brenda Halloran

As part of our evolution as a community, we're always looking to diversify our local economy. It's something that we have started up and it's called Canada's Technology for Food. It started because I was at a business meeting with Willy Huber, who's the president of Piller's Meat. Does everybody know Piller's? If you're coming to Oktoberfest, you have to have a Piller's sausage. Who's coming to Oktoberfest? You've got to come. It's fantastic.

Mr. Huber and I were talking. He said, "You know, Brenda, we have an opportunity to change our future." He said, "I have to go to Germany to get employees and to get my equipment and I should be doing that here in our community." We talked about it and we said, "Yes, it's time."

We're creating the first-ever food technology hub in North America and we think it might be one of the first in the world. We're going to be combining technology through the universities—Conestoga College and University of Guelph. We've done a lot of work. We've got a lot of partners. With the technology sector, food processing, food safety and security, there are huge opportunities for us. We've got projects on the ground now. It's going to be our next evolution into diversifying our economy. We're the breadbasket of Ontario. Our food processors have pretty well left most of Ontario, if not Canada. We're going to pull them back. We're going to start up jobs and we're going to focus now on food, because we all need to eat.

John Jung

Mayor Mathieson, your community has been lauded as being one of the most energetic, pioneering, smaller communities. I wouldn't call it rural, but there's a whole rural intelligent community movement as well. I'm interested in how you are going to differentiate yourself from the big boys. You've talked about all these others around the world. As small communities, how do you work on becoming a small, but very important, intelligent community to attract investment and talent?

Dan Mathieson

We've seen an erosion of the number of people who live in small, urban and rural centres across not only Canada but around the world. We keep seeing the urbanization of people. As they get into the cities, they also yearn for the days they had a higher quality of life, less congestion, and easier modes of transportation. We've tried to develop a community that allows you the quality of life and the ability to raise your kids in a very safe and enjoyable community, but within access to the amenities you can get anywhere else.

In Stratford, we've started things such as the world famous chef school. Forty new chefs are churned out a year from this chef school. We have the Stratford Shakespeare Theatre. We have started to work with the rural centres around Stratford, making sure that they have the opportunity to lay broadband into their community.

We've made sure that we've allowed things online in our community like voting. In 2010, we were the only community in Canada to have its election completely online. There wasn't one paper ballot. It was completely online. You could vote over a two-week period. If you're one of those people who really felt you had to go to a building on election day to vote, you could go to a community centre and use the computer, but that's how you voted. That is one of the ways that we did it. We achieved just shy of 50- per-cent turnout in our civic election, which is important. For us, it's not a great leap forward, but it's moving us in the right direction. We're trying to get civic engagement. We're allowing people to make sure that no matter what sector they come from, what income level they are at, they all have access to an intelligent community.

As I said we have some of the most predominant and productive agricultural land in the country. We've seen them now turning to technology and using it. We've seen demonstrations of robotic milking where cows come in that are computer-chipped in their ear. The robots automatically milk a cow for a precise amount of time. The cow is released back to its stall and the feed that goes into its trough is actually a medicated feed that is required for that specific cow.

We've seen robotic tractors planting corn this past week using technology and a GPS. They don't have anybody in them. They know exactly what to put in, how many seeds per foot. They keep track of it and keep track of the yield. Those are some of the technologies coming out to the rural areas. We're seeing them in our area but, of course, they are spreading across this country and allowing people to stay in productive, small urban communities and rural settings and are allowing them to feel part of the intelligent community movement.

Lastly, I would say that one of the things that I most get excited about is that we're scalable. I can make a decision this afternoon with our city council. We can come together with our hydro board. We can make decisions that are effective and efficient and get on with getting them implemented. We're not one of these larger centres that navel-gaze forever and get into too long a discussion around execution. We just get right to implementation. What defines many communities today is the time it takes to do those things. It can't be in months; it has to be in weeks now, because the global economy makes us all very competitive.

We have manufacturers that make car parts within our community that are linked to Toyota and Honda's quality control centres. They know exactly what part rolled off that plant or off that assembly line. They know exactly because it's barcoded; it's in that truck and it's gone. We have knowledge workers on factory floors. We have knowledge workers in shops downtown. We have knowledge workers in the theatre now. That is really going to define our community, because we want to get our digital literacy up and let everybody know that no matter what walk of life you take a career in, you are going to be a knowledge worker in the future. There will be automation and technology in everything we do and we've developed it not just as a theory in our community, but we're actually putting it into practice in education and in implementation.

John Jung

Intelligent communities are also ones that have an attitude, as you can tell. I think that's great. Before I ask anybody in the audience if they have a question, Toronto is also an intelligent community and has been recognized. The group that's been leading that charge is Waterfront Toronto. John Campbell's here. John, can you talk a little bit about what you're doing on the Waterfront to be an intelligent community?

John Campbell

In WATERFRONToronto, we are really starting with the infrastructure for the very high-speed, ultra-broadband infrastructure for the Waterfront and everybody will be yesterday, the next level, our partnership with Element Blue, that is an IBM supplier, and IBM Canada put in our portal, which becomes the operating system, really for the community. The next step then is to look at the applications that Dan has talked about insofar as making it intelligent.

We went on a nine-year path to do this. Unfortunately, we're not quite as nimble as Stratford. It started back in the Intelligent Community Forum in 2004, in June. I recall John saying, "It's 5-per-cent pipes and 95-per-cent content." So we've got the plumbing in and now we're working on all that 95 per cent to make sure that we can look at e-Government, e-Health and make sure that all the people that live and play in the Waterfront and work there have a chance to become knowledge workers. So that's where we are in the process.

John Jung

Thanks, John.

The appreciation of the meeting was expressed by Mark Romoff, President and CEO, The Canadian Council for Public-Private Partnerships, and Director, The Empire Club of Canada.

September 27, 2013

Edward Keenan
Senior Editor and Lead Columnist, The Grid

Christie Blatchford
Columnist, National Post and Postmedia Group

Kevin Donovan
Investigative Editor, Toronto Star

Lisa Taylor
Assistant Professor and Undergraduate Core Skills Coordinator, Ryerson University School of Journalism

CHRISTIE BLATCHFORD, KEVIN DONOVAN AND LISA TAYLOR IN CONVERSATION WITH EDWARD KEENAN

BEYOND THE HEADLINES: HAVE THE MEDIA TREATED MAYOR FORD FAIRLY?

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Dr. Gordon McIvor, Executive Director, National Executive Forum on Public Property, and Director, The Empire Club of Canada; Daryl Chong, President, Greater Toronto Apartments Association; Capt. The Rev. Daniel Saugh, The Queen's York Rangers Regimental Chaplain; Haaruun Dhubat, Student, Ryerson University School of Journalism; and M.J. Perry, Vice-President and Owner, Mr. Discount, and Director, The Empire Club of Canada.

Introduction by Noble Chummar

Well, Mayor Ford is no stranger to being the subject of several news stories. The events that have transpired over the past few month shave made the Mayor of Toronto an international celebrity. A video that, allegedly, shows the mayor of Canada's largest city smoking crack-cocaine has generated headlines around the world. That's probably the first time the word "crack-cocaine" has ever been used at this podium. News of the video, which was not produced by the journalist, has also raised questions, some of them for the first time in Canada on the way in which journalists and newspapers gather and report on people and events. Ethical journalism continues to be an increasingly salient issue as the topic remains at the forefront of Toronto's political and social landscape. Now, despite all of these reports and allegations, Mayor Ford recently has returned a poll of 49-per-cent approval, suggesting that he's almost as popular now as he was in 2010. This, no doubt, raises additional questions of his reelectability. How far should journalists go? Where's that fine line? These sensational stories have made newspapers and other media outlets millions of dollars. What is right? What is wrong? Who is right? Who is wrong?

To explore those questions today, we are fortunate to have with us a panel of celebrated journalists, who are not only directly engaged with this topic, but are authorities on the subject at hand.

Christie Blatchford has written for all four Toronto-based newspapers. She has won a national newspaper award for column writing, and, in 2008, won the Governor General's Literary Award for non-fiction. Christie is currently a National Post and Post Media columnist.

Kevin Donovan is the investigative editor at the Toronto Star and a senior reporter. He has won the Michener Award for public service. By the way, Governor General Michener was a president of the Empire Club of Canada. He has won three national newspaper awards, and three Canadian Association of Journalist awards.

Edward Keenan serves as the senior editor and lead columnist at the Grid Magazine in Toronto. An eight-time finalist at the National Magazine Awards, he was the top editor at Eye Weekly. He is a contributing editor at Spacing Magazine and writes widely on politics, sports, and culture.

And finally, Lisa Taylor. She's a good one because she's a lawyer. She teaches at the School of Journalism at Ryerson University. She spent a decade with CBC radio and television in a wide range of journalistic roles including co-creator and host of two nationally broadcast series. Among many other courses, Lisa, a former lawyer, teaches law and ethics in the practice of journalism. Take it away Mr. Keenan.

Edward Keenan

Thank you. Thank you Mr. President, members of the Empire Club. I'd like to thank you for inviting me and us here today to talk about this topic. I work at Grid Magazine, which maybe people think is a hipster magazine. At the risk of sounding like a hipster, I was into this Rob Ford stuff before anybody.

I wrote a profile of him in 2006, at which point we were already—those of us who were at City Hall—asking questions such as, "Is this guy for real?"

Actually, immediately after I wrote that profile, I started getting asked questions about whether this type of coverage was fair. It's a question that I've been discussing with people for a long time that's recently become a worldwide subject of discussion—whether or not the kinds of stories that tend to appear about Rob Ford are fair to the mayor. I think, as we've already heard, the panel is really well positioned to discuss that. I've heard questions about fairness to the mayor about policy issues for a long time—transit, the budget, and his relationship with labour unions, but I've also for a long, long time heard them about stories that seem to be about his personal life. Stories about when the Toronto Sun published his mug shot on the front of the paper during the campaign or when he was thrown out of a hockey game continued after he became mayor, but they have been blown up, as we all know, in the last several months because of the reports of a video that appears, allegedly, to show him smoking what appears to be crack-cocaine. After that occurred, a series of investigations and crime stories essentially surrounded the video or the circumstances in which this video became public. We're lucky enough today to have one of the three people in the world who have publicly said that they've seen the video that kicked off that scandal. Kevin Donovan, with his colleague Robin Doolittle, who is also here, viewed that video and reported on it, and that kicked off the whole thing. So, I thought it might be interesting to kick off this thing by asking Kevin to tell us a little bit about the decision to publish that, the process of publishing it, and maybe that will lead us into some of the issues that we've been asked to discuss today. Kevin?

Kevin Donovan

Sure, thanks a lot, and thank you for having all of us here today. I'd like to start by saying I wish I had the video. If I had the video, we would have shown it after that fabulous Empire Club video, but we're not there yet.

A picture is worth a thousand words. I guess a video would be worth a thousand words. I'll give you four words: The video is real. I saw it. Robin saw it. Did you notice the stir, Robin, when people heard you were here? We saw it, and everybody would like to see it. Just very briefly, it all came about because the Star has been looking into activities of Mayor Rob Ford for quite some time. Robin and I published a story with the full backing of our editors in March about the Garrison Ball, and how Mayor

Ford was asked to leave because he was incoherent, stumbling, rambling, and clearly impaired. We wrote that story.

That story prompted a phone call to the Star on April 1, an interesting day. We were told that there was a video of Mayor Ford, and Robin and I, with the backing of our editors, set out to try to get that video. We saw the video. We saw it three times as we've described in the pages of the Toronto Star. It is absolutely real. I can guarantee you, in my 30-year career, I've never seen anything so dramatic and so upsetting as a person who believes in this city and thinks that we need to have good leaders in our city. We saw the video. We then set about trying to get it.

We were not able to get it, but Robin and I with the help of colleagues at the Star began reporting on the story—trying to find out what we could find out about the people behind it. In the midst of doing that, Gawker, the U.S. website, published the story. I think it was about 8:15 p.m. on a day in May, and Michael Cooke, our wonderful boss, summoned all of us in. I think I was on a soccer field coaching at that time. We all came into the Star, a whole bunch of us, everybody who's at our table here today, and we got to work.

We contacted the mayor. We tried to get comments from everybody involved. The mayor's chief of staff hung up on us. We received "no comment" from the mayor. We took a letter to his house and to his brother's house. It was classic Ford lack of response. We did everything we could in that three-hour period to try to get a response. We felt that we had no choice with the news already blazing around the world about the existence of this video, to tell what we had seen, what Robin and I saw. It was very clear that we had to publish that story, and we did.

Since then, all of us, including my great colleague Jayme Poisson, who's here with many other people from the Star, my whole investigative team has been involved in it. Working on doing stories and publishing more stories. One of the best is simply the story about how the mayor's people close to him were trying to find the video. Why do you try to find a video if a video doesn't exist?

Edward Keenan

That leads to a lot of questions, I think—some for journalists, and some for people who are not professional journalists. One of those is that you were working on a story; you were still working on it. There may be an assumption that some people make that, if you're still working on it, it's not ready to go yet. But it became ready to go immediately after Gawker published their similar report. Why is it that you're suddenly more confident, or can you explain to people—I think I have an understanding of it—a little bit about that decision to publish before you were entirely ready to publish.

Kevin Donovan

Well, we were still trying to get the video. That's what was going on. We held out a lot of hope that through some sort of moral assuaging we could get these people to turn over the video. As I'm sure many of you know, they were asking a great deal of money for it. The Toronto Star was not prepared to pay for it. We thought there might be another copy of the video out there. So that's what we were trying to do, but when Gawker published its story Robin and I had seen the video. Christie, you have been on many overseas assignments. You've been to Afghanistan; I've been to Afghanistan; we've seen things, and we've written about them because we've seen them. Long before there was video there was instant ability to email a digital image; that's what journalists have been doing. We've been travelling around the world looking at things. We felt that because Gawker had published its story and put it out there, we would be remiss in not saying, "We saw this too." The only thing in that story that I think people miss is that we're saying it is Mayor Rob Ford. We're saying he is smoking what appears to be crack-cocaine. That is the one thing that we can't prove because, as his lawyer told us that night, how do you know what somebody's smoking when you're looking at a video? The issue here is what he is smoking. We described how he was acting, and how he was incoherent, rambling, and appeared to be impaired. Trust me, the man was impaired. I just don't know what got him impaired.

Edward Keenan

You just touched on something. I was kind of surprised by the volume of people saying essentially if you can't produce a video then there's no story. That, to me, is never how journalism has worked. I can produce a video of very few of the things I write about. I go and I'm an eyewitness. Sometimes I record interviews. I try to record interviews. Sometimes I have my notes on what happened, but I very seldom can produce a video. Christie, in your understanding, if you don't have the proof, should you publish?

Christie Blatchford

Well, I think video is a function of the modern world. In the past we didn't deal with things like video. Kevin's quite right. People would rely on journalists to be the eyewitnesses. That's what our function is. I don't disagree with you that there was a large volume of people, there still is I think, who says, "Well, if you don't have the video, it's not true." I absolutely believe it of course. I know Kevin's and Robin's reputations. I know what good journalists they are. I know there's a video, or there was, and that you saw what you saw. I think for journalists it posed a really interesting conundrum because how do you report on something that you haven't seen? I mean, when I witness a battle in Afghanistan, I write about it. You could not match the story. You couldn't because you weren't there. Similarly, it used to be when a journalist had a scoop or an exclusive, other journalists couldn't develop a similar story on their own; they couldn't match it. It doesn't seem to matter anymore. For journalism, for journalists, the ground is somewhat shifting because now, with this story, I'm writing about something third-hand. I have no sources. I mean, since your first story, some of the people at the Toronto Sun have actually done some really good work on other aspects of it. The

Globe and Mail, as you may know, has done some other work. Let me just say on that, if anybody went to my high school, it wouldn't take them 18 frigging months to come up with bad stuff about me.

Edward Keenan

The only thing I disagree with is when you said the Toronto Sun has done good work because I haven't seen a single good piece of journalism out of Warmington.

Christie Blatchford

I'm not talking about Warmington. I'm talking about Sam Pazzano. It's a big police project, which is linked to an address, which is linked to the video. I'm getting a bit sidetracked. Some journalists were able to develop their own stories in the wake of the first Star's series of stories on this. Most of us, frankly, can't. I mean, oddly, as an old white broad, my connections, you know, in drug dealing neighbourhoods aren't really terrific. I think many of us are in similar straits. Instead, I'm writing about a video, which I know absolutely existed, which you guys saw, but I've never seen. Now, it looks like I'm never going to see it, and yet I'm kind of asking my readers to trust me because I trust you. And, I think that's odd.

Kevin Donovan

There are so many things in there. Asking readers to trust me because I trust the source of information is something that often comes up with anonymous sources. They're not anonymous to me or to most journalists who use them. The journalists know who those people are. They have a reason to trust their credibility, and so they use their own credibility as a stand-in. They say, "I can't tell you who this is, but trust me, this is good information." We're all sort of using not an anonymous source, but a source we trust because we can't see the video.

Christie Blatchford

I'm bootstrapping on your credibility. You were the witness, not me. It's just a weird kind of third-hand reporting, and it makes me uneasy.

Kevin Donovan

Gordon Sinclair, for example, a famous Toronto Star and CBC journalist, travelled around the world and he saw things. He saw things before there was video. He wrote about them. He bore witness. That's what journalists do.

Christie Blatchford

But his colleagues back home weren't matching it and saying, "Gordon wrote about this." That's the difference.

Kevin Donovan

You know what? They probably did.

Christie Blatchford

No, I don't think they did.

Kevin Donovan

They probably did. There's a tradition of following stuff the Toronto Star writes, I find. I'm just kidding. I'm just kidding.

Edward Keenan

I think Peter C. Newman had an anecdote about a big story he broke about a confidential document. I heard him speak about it. I didn't have access to the details. His story about how he got access to that confidential document is that he was invited to a cabinet minister's home. It was illegal to share this document. This person could be charged for showing it to him, so what he did was he invited him into his office and said, "You know, I have the documents here. I actually can't show them to you. It's illegal for me to show them to you. But I do have a meeting I have to take in the next room for the next hour or so. If you can just sit tight here while I go." Then he left him in the room with the document. Peter Newman didn't take photographs of that document. He didn't have original copies of it. He didn't have photocopies. He wrote notes based on reading it and reported those. The rest of the press would accept it as a fact. People would try to follow it by confirming or denying that the document existed, that it said this and all of that. But the rest of the press, traditionally, does not seriously question the factuality of the report. We don't necessarily just re-report it, but we accept it as a fact for the ongoing conversation.

Christie Blatchford

Not to the degree that happened here. I've broken plenty of stories in my day, which were not as big as this but were substantial. I'm thinking of a story about a former police board member named Arnold Minors, who was also a race relations consultant for the Bob Rae government. This guy was teaching Crown attorneys that the Holocaust wasn't a racist act because it hadn't been committed against black people. I wrote about it. I wrote lots of stories about it. No one at the Star ever matched it. No one at the Globe ever matched it. No one could because they didn't have the sources that I did. The Crown attorney ultimately came to testify in my defence in the lawsuit that went all the way to the Supreme Court of Canada. There are plenty of stories that would never catch fire the way that this one did. Now, it caught fire partly because of the subject matter. You know, the crack-cocaine mayor, blah blah blah—but the other part of it is this thing, where we are now relying on somebody else. That's all. Maybe we're getting side tracked.

Edward Keenan

That's okay.

Lisa Taylor

To what extent were journalists from other news organizations not necessarily reporting on the allegations themselves, but reporting on the circus that was generated as a result of that? The day after the day of the mayor acting as if it were business as usual, saying, "I don't know what you're all doing here. This comes as such a surprise." Finally, the pseudo-denial that felt like something that perhaps someone's child might do when he gets into trouble. "I am not currently doing this. Trust me. We're done." I think a lot of the stories were at least at first, as other news organizations rather tentatively and holding their noses got into this story, were much more about, “Is he going to say it? Is he going to acknowledge it? What’s he going to say about it?”

Edward Keenan

This raises another issue that’s part of this, which is where the line is between what’s his personal business and what’s the public’s business. I think, for many people, crack-cocaine, because it’s crack, is that street drug, that people get addicted to right away. You can’t just be a casual crack user. But, when we talk about substance abuse, when we talk about alcohol abuse, when we talk about crack-cocaine, it seems like these could be considered personal problems that a public figure could have that might not influence how they do their job, even to the extent that we report on the distraction, the circus around that—his refusal to deny this, or his whatever. If you believe that this is something that shouldn’t be reported on, or that the public doesn’t have an interest in, then the rest of those things are media created. When we talk about whether we’re treating the mayor fairly, maybe that’s the question that people ask. “Is this a legitimate matter of public interest?” How do we decide that?

Kevin Donovan

I think what we try to do at the Toronto Star is deal with issues that would or do appear to impact on his public life. There are pieces of information that we have that we’re not publishing because we consider them, at least for now, to be more about his private life. The Garrison Ball, the story that Robin and I did that got this particular phase of the Mayor Ford juggernaut going, was a very public event. It’s the Garrison Ball. It’s a very important event in Toronto. It raises money for Wounded Warriors, and many people, perhaps even some people who are here, were in attendance. At 5:00 o’clock to 6:00 o’clock in the afternoon, you don’t want the chief official of the city to be acting in a manner that ultimately gets him removed from the place. If somebody wants to go to their cottage and kick back, and I guess have some crack, whatever you might do, we’re not going to be doing that. We’re not going to be looking into that. We are looking into things that are public events. When you're a public person, and you signed on to be a public person, there is a certain decorum. I think that's really really important, and you have to behave yourself. When you go to an event, you just cannot be seen to be anything other than a person to be respected. I think that's what we focused on.

Christie Blatchford

That's why I voted for Rob Ford, frankly.

Kevin Donovan

Because he's more fun?

Christie Blatchford

Because I am more rare than you. You're one of three people who have seen the video. How many will admit to voting for Rob Ford? I thought not. And by the way, I regretted it immediately. Part of the reason though was that he isn't part of this prissy kind of sense that one must behave. I'm a person who used to take my top off on tables in bars. Sometimes in the presence of some Star editors, I believe. I'm just saying, we are the least likely group of people to say, "You must behave in a certain manner." It wasn't actually Rob Ford I voted for; it was a reaction to that kind of horrible prissiness. I am not expressing myself well today.

Kevin Donovan

I don't think you're alone in that, because I think it's interesting, but you once did a column—I don't recall the exact wording, I'm sorry—but you had an analogy sort of like, "He's always been the fat girl at Holt Renfrew, asking where the plus size section is."

Christie Blatchford

Yes, that's right.

Kevin Donovan

It's a big part of his brand though. He says things that a lot of people think are outrageous, and he doesn't observe the social niceties, and that drives a lot of people nuts. I mean, when we talk about whether he's being treated fairly or not, we all accept that Rob Ford's word in that, "I'm an outsider, and I have outsider stuff, outsider attitudes that may shock you, but I just is who I is, right?" The thing is he's a fat girl whose been shopping at Holt Renfrew since the day he was born. His father was a member of the provincial Parliament, and a successful business owner. He is friends with the finance minister of Canada. The guy has never wanted for anything in his life.

Lisa Taylor

It's how he's designed his brand though. He has made certain things that might be off limits in the case of another politician what I would consider to be fair game here. I bet you most people in this room don't know the age or name of Stephen Harper's children, because that is not part of his brand. Some would, but it's not part of his brand. Rob Ford has positioned himself as "that guy." That loud, fun guy at hockey games. The guy who wants to talk publicly about his weight. You talk publicly about your weight but then you are distressed when others do. You talk about how your family is salt of the earth in Etobicoke, but then when someone points out that you're not, it's not fair game. It's no different from American politicians who we have seen present themselves as being the family-values candidates. They are fair game when we find out that they are anything but the family values type.

Kevin Donovan

A lot of people will remember, that in the election during which Rob Ford was elected mayor, a prominent candidate, David Miller's chosen heir-apparent was Adam Giambrone, who resigned for cheating on his girlfriend. This is what happened. It was front-page news in the Star. They had this anti-Giambrone vendetta, famously; no wait, that's Rob Ford.

Christie Blatchford

I think his offense was that he stained the couch in his office.

Lisa Taylor

Misuse of city property was the problem.

Edward Keenan

He lied about it. I mean, many, many people could not name Rob Ford's wife. I could, but I've never seen her. I've never met her. I've seen her at public events twice, but that's not part of his thing. Being a screw-up certainly is, right? The first time we heard about him, many people heard about him, it was at this hockey game. Then we see his mug shot. Maybe we've already accepted that. Does that make it more or less a matter of public interest when he does things that feed into that? I don't know.

Kevin Donovan

I think one of the things that people should try and recall is how many times Mayor Rob Ford has ever answered questions. As far as I'm concerned, the Toronto Star has had zero times when we have had any response from him on any of this. I think the last real mea culpa he did was related to the story the Post did on him at the ACC. He said he wasn't there, and it turns out he was there, and he apologized. He's made some mistakes in his life.

Edward Keenan

That was in 2005, I think.

Kevin Donovan

2005?

Edward Keenan

It was either 2005 or early 2006, because it was prior to my extended meeting with him.

Kevin Donovan

My feeling is that he does not want to engage with us at all. I think it's very clever on his part that he does not engage with us because if he did, and he started trying to explain things, then the onion would really start to unravel, and he won't do that. They will not respond to any questions. When you think of politicians, we do demand that they respond to us. I think that is very important.

I think they have to because we're paying them to lead our cities or our provinces or our governments, and they have to respond and he won't.

Christie Blatchford

I think there's no question that Kevin's and Robin's stories have been fair etc., but I think it's disingenuous to pretend that it happened in a vacuum. Editorially, the Star was aghast as were most of my friends that Rob Ford even had the temerity to run for mayor. How can you imagine? I mean really, that's what it was like. Certainly all my friends, and my little running group the next morning, all good Toronto Liberals, were just mortified. It was most delightful actually when he won, that one morning before he actually did anything.

There was that sort of sense of the Toronto establishment, if you like, people like y'all and me regarding him as a clown from the get-go. I'm not saying it's wrong. It's not as though the Toronto Star decided that, "We're going to take the high road and look at this guy etc." The Star and other papers have sometimes been unfair to him. I mean, posting a picture of him sneaking into Kentucky Fried Chicken, or taking pictures of him when he bought a mickey at the liquor store. I mean, quite frankly, he may be a public figure, but I think that is going too far.

Kevin Donovan

Okay. But the Star did not put a circus-size scale outside his office.

Christie Blatchford

I understand.

Kevin Donovan

And publicize his attempts to lose weight. Actually, the Star didn't decide that that would be the only time of any given week that he would ever talk to the press, right? This weight-loss issue becomes something that the Ford brothers, and they really did decide that issue together, decided it was of public interest.

They've made it an issue of public interest.

Lisa Taylor

It's interesting that you use the word "circus." That's really interesting because when the Cut the Waist Challenge was finally shut down, Doug Ford disparagingly said, "Oh, it's just turned into a circus." Well, yes, because you did in fact put the circus tent just outside the door. Journalists have a finely tuned nose for evidence of hypocrisy.

Christie Blatchford

Oh, please, hello! We do not.

Lisa Taylor

We all know we do too. We all know that Barack Obama has struggled with smoking cigarettes. It seems kind of light, given smoking crack, but still, with smoking cigarettes, we've never ever heard of him calling up other world leaders and saying, "Hey, let's have a butt-out challenge. It'll be so fun guys." That was his personal issue. He kept it a personal issue. You can't speak disparagingly of social programs after the Danzig Street shooting and say, "I'm just not into hug-a-thug programs," then later be seen in a photograph hugging a thug.

Edward Keenan

When we asked the question about whether the mayor's being treated fairly, that photograph is actually a good example because there is a photograph that was provided to Gawker and to the Toronto Star as evidence that a video existed. In that photograph there is one young man who has been shot dead in a sort of execution- style shooting, another young man who was shot at the same time but survived, and who is now under arrest during a gang and guns raid, and another young man who was also under arrest, and then there's the Mayor of Toronto. The circumstances under which the press came to own this photo, or have this photo, and the circumstances under which it was taken are maybe questions that we'd ask the mayor. There could be innocent explanations, like, "I was visiting my old high school friend there at that house it was taken in front of, and these guys were walking by and asked me to take a photo." No explanation is offered, right? Even when bigger and bigger questions that seem maybe more concerning come up, he still refuses to address the questions. It's easy to imagine an innocent explanation, but that innocent explanation is never provided. I mean, in fairness to the press, do we have to read something into the fact that he won't explain himself, because that's the defining element of Rob Ford as mayor to me—he refuses to explain himself.

Christie Blatchford

Sure, but from the get-go, he's the architect of his own demise in so many ways. I mean, he won't speak to the Star. Does he still not speak to anybody from the Star? I assume that.

Kevin Donovan

It's true, yes.

Christie Blatchford

He doesn't make his schedule public, which is something he should do. In my view, every mayor should be holding weekly wide-ranging press conferences. If you did it every week, maybe the press wouldn't always be asking about the crack video. Maybe there would be other issues. There's no question he's created the atmosphere, but I think that doesn't lessen the burden upon all of us to ry and still be fair to him. Just because he's created, as they say in Quebec, the conditions that allow us to have a field day with him, I still think we have a responsibility to not do things like run pictures of him at KFC. I mean, in that story, I agree he created the conditions, but the scales told the tale as they always do with weight-loss. He was cheating. Do we have to have pictures of him cheating?

Kevin Donovan

I just want to go back about five minutes to the comment that I can't let pass that the Toronto Star has a vendetta against Rob

Ford. We don't.

Christie Blatchford

I didn't say that.

Kevin Donovan

No, not you. Not you.

Christie Blatchford

Well, who made it then?

Kevin Donovan

I don't think I said that. Anyway, let's say it was in the air. It was definitely in the air.

Christie Blatchford

It was in the air.

Kevin Donovan

People think that the Toronto Star or perhaps other media have a vendetta. Let me just give you a little cook's tour of our newsroom. There is no sign that says, "Here's who we're going to get this week or this month." People always think that journalists are given marching orders. I run our investigative team. I've got great people on the team. We investigate all sorts of things. We did a big investigation a couple of years ago on ORNGE Air ambulance, which some of you may have read. It was something very much in the public interest. A lot of other media covered it. A lot of good things happened as a result. I was the one who ran that and did most of the reporting on it. I wasn't out to get Chris Mazza or Ornge or the Liberal government. I happened to end up, by doing my stories, making them all look really really poorly. The stories that we're doing now on Mayor Ford started in the way that all good journalism starts. You write a story, as we did, and Robin Doolittle gets a call suggesting we look into something. It happens to be a crack video of the mayor. We'd be fired, I would hope, if we hung up the phone and said, "We're not interested in that." One other comment which has come to my mind in the last few weeks is that I would much rather be here answering questions, as I'm always happy to do this, than answering questions in 20 years from people saying, "Why didn't you look into these matters?" That is really important, and the job of journalists and really all of us in society is to question power.

Lisa Taylor

People lose sight of that because journalism is in such a crisis of credibility, a huge crisis. I just want to point out, and I believe you three will back me up on this, I think people believe that journalists are very cavalier about deciding to advance a story based on anonymous sources, based on evidence that they cannot hand over. If you've never done journalism, you can't imagine how much journalists don't want to do that. They know that on some level, their credibility is going to take some degree of hit. Maybe only in certain circles on the periphery, but people don't want that. Reasonable news organizations do not allow that to happen unless they've reported the hell out of the story otherwise, and are really confident. I don't know that the public knows that.

Kevin Donovan

I think we're almost out of time but I did want to say that to that exact question of trying to be fair, I know many members of the Press Gallery at City Hall do bend over backwards.

Christie Blatchford

Generally speaking, or an effort to be fair.

Kevin Donovan

The mayor was on trial for conflict of interest. He could have been removed from office. We watched his full day of testimony, and we were all outside and it was sort of devastating to watch because he offered no real defence of himself. He was a spectacle. I was talking to a couple of other people—there were two journalists, reporters from the dailies who came up, and they had to file immediate reports, and they were just like, "Can you think of any way I can present this that doesn't look like I'm running a hatchet job on the mayor?" Because, the truth appears to be a hatchet job. If I just report what I saw, my credibility is going to take a hit, and I find that that's often the case with the mayor.

Christie Blatchford

I agree, I think it is. And anybody who thinks newspapers are organized enough to have targets with people and goals to bring somebody down is foolish. Most organizations don't, and we don't either. However, I still don't think that we can make the case that the press has gone over the top, and I would say exhibit one in that regard would be the Star's coverage of an Ontario Press Council hearing a little while ago, which was basically given World War III coverage. Every nuance of Rosie Dimanno who, like me, is from another planet and actually tweeted for the first time in her life. The next morning, the sun came up in the west. That's all I'm saying. That coverage was excessive. So, if y'all, and us all, we all, want to keep our credibility intact, we have to be careful. I've been a member of the Ontario Press Council. This had hearings into complaints about unfair coverage against the Star and the Globe, and it was a fairly brief proceeding, I believe—at least the goal part of it was—it was a serious proceeding. I took it seriously when I was a member, and I think it was well deserving of coverage. What it wasn't deserving of was the blow-by-blow, "They're walking in the room now." You know, I mean, really? It's a Press Council hearing. So, that's Exhibit A.

Edward Keenan

So, we're actually out of time.

Kevin Donovan

We're trying to be transparent. The Press Council is an important organization.

Christie Blatchford

You guys never cover it ordinarily. Give me a break.

Kevin Donovan

We always cover it.

Christie Blatchford

When you're being slapped, sure

Edward Keenan

We're actually out of time, so in conclusion here, this debate like the rest of the Rob Ford story is not finished yet, even if our event is. You can play it 300-point type on the front page and it's good for business. Whether or not it's good for the city, whether or not it's fair?

Lisa Taylor

I don't know if it's good for journalism.

Edward Keenan

I don't know if it's good for journalism. I think Rob Ford sells papers. That's my experience.

Christie Blatchford

Not enough of them.

The appreciation of the meeting was expressed by M.J. Perry, Vice-President and Owner, Mr. Discount, and Director, The Empire Club of Canada.

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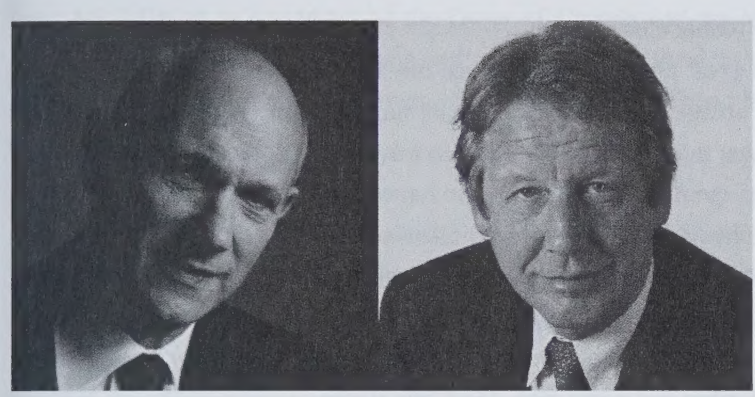
CLUB
OF CANADA



October 3, 2013

David Mirvish
President, Mirvish Enterprises

Christopher Hume
Urban Affairs and Architecture Critic, Toronto Star

DAVID MIRVISH IN CONVERSATION WITH CHRISTOPHER HUME LEGACY AND THE PUBLIC REALM: DREAMING WITH FRANK GEHRY

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Dr. Gordon McIvor, Executive Director, National Executive Forum on Public Property, and Director, The Empire Club of Canada; Rev. Chris Miller, Retired Minister, United Church of Canada, Chaplain, Context TV; Verity Sylvester, Director, CV Management Inc., and Past President, The Empire Club of Canada; Ian Troop, CEO, Toronto 2015 Pan American/Parapan American Games Organizing Committee; Patrick J. Monohan, Deputy Attorney General of Ontario, and Ministry of the Attorney General; Jack Robinson, CEO, CN Tower, and Chair, Toronto Entertainment District BIA; and Peter Kofman, President, Projectcore Inc., working with David Mirvish in the Capacity as Project Lead for Development.

Introduction by Noble Chummar

It now gives me great pleasure to introduce our moderator, who has been with us before, and will ensure that this will be quite an interesting talk. Mr. Christopher Hume is no stranger to the City of Toronto. He was born in England, came to Toronto as a child, and has spent his career writing on issues of architecture and urban affairs. Christopher is someone who has received countless awards and recognition for his journalism and writing. Most notably, he was awarded the very prestigious National Newspaper Award. Mr. Hume understands the City of Toronto. He is an expert in architecture and the history behind our city's buildings, and the many stories behind those buildings. Ladies and gentlemen, Mr. Chris Hume.

And now for our guest speaker. Great children are the product of even greater parents. David Mirvish is someone who was fortunate to be raised by two great and patriotic Canadian parents. First of all, on behalf of everyone, Mr. Mirvish, please accept our most sincere condolences on the recent loss of your mother, Anne. The Empire Club has rarely had the opportunity for father and son speakers to have a place in our iconic red books. I'm not sure of too many— Pierre Trudeau and his son, Justin, recently and the Queen Mother and her son-in-law, Prince Phillip. In 1981 and in 1989 David Mirvish's father, Honest Ed Mirvish, addressed the club. This was the kind of guy he was. One of the speeches was titled, "How I Became an Overnight Success Story in Seventy-five Years." David Mirvish has the genetics of a true patriot Canadian entrepreneur. Mr. Mirvish is someone that thinks big, real big. The Mirvish family has been a pillar of the arts and culture and entertainment in our great city for several decades.

More recently, David Mirvish teamed up with the world-famous architect Frank Gehry. They've proposed a monumental transformation of our city, with two 80-storey residential towers described by Mr. Mirvish as sculptures that people can live in. What would Toronto be without our CN Tower? I am sure there were many people opposed to that structure when it was built almost 40 years ago. But it's a building that defines our city. It's the one thing you look for when you're flying back home. You look out the window and know that you have arrived back home. Our buildings define our cultural identity. They boldly and quietly influence the enjoyment of urban life. They tell a story of the kind of people we are. The people of Toronto are creative, diverse, imaginative and intelligent. Our buildings leave a cultural legacy to generations of citizens and visitors who come to live, work and play in our growing metropolis. David Mirvish is President of Mirvish Enterprises, which include Mirvish Productions, Ticket King, the Mirvish theatres, which are the Royal Alex, the Princess of Wales, the Ed Mirvish Theatre and the Panasonic Theatre, and the iconic retail emporium, Honest Ed's, named after his father, which is celebrating its sixty-fifth year. Mr. Mirvish is a member of the Order of Canada and we join his family in celebrating 50 years of presenting and producing live theatre, both locally and internationally. Ladies and gentlemen, please welcome Mr. David Mirvish.

Christopher Hume

I'm here just to ask the questions. I know you're here to listen to the answers. The fact that this event is sold out and that there was a demand for a number of additional tickets is an indication that this is a very unusual, even unique, project. I think that it's important to keep in mind before we start that David is not a developer in the traditional sense of the word. This is not just another condo, which is why I'm so interested in this project. I've been writing about condos for more years than I care to remember, but I've never seen a project like this. It hasn't been built yet, of course, but I do believe quite sincerely that it's something that we as a city have to embrace and take a serious look at. We're going to talk about that more in a while. David wants to start with some images of stuff that Frank Gehry has designed and built around the world. And of course, he's worked here in Toronto too. You all know about the Art Gallery of Ontario, which he renovated and transformed into the building it is now. But I think it's also important to keep in mind that this would be Frank Gehry's first and only freestanding structure here in Toronto. And don't forget that Frank Gehry was born and raised in this city. I think this makes the project unique, and I think it makes it important. I think it makes it more than a condo, and I hope that over the course of the next half hour you'll be able to find out what I'm talking about and agree with me. I know not everybody does, unfortunately.

First of all, let's get some pictures up here. David, why don't you take us through this?

David Mirvish

Okay. Well, we started out with very different images from this. We had deep discussions with the city planners, who eventually said, "Would we evoke warehouse?" We have warehouse buildings in this neighbourhood and we'll talk about that later. But after five or six attempts, I turned to Frank and said, "Let's give up. We can't do it." And he said, "No, no. I'm into this. I want to take one more shot at it." So he came up with this building. When you see this building in close-up shots you'll see how he did evoke warehouse.

These are pictures of other projects as early as 1995. This building in Prague, which some people refer to as "Fred and Ginger," surprised people but it's a residential building fitting in with older buildings, and it is meant to do that, a sort of made-in-Toronto solution. This is the building that I think drew everyone's attention to Frank in some ways—Bilbao, Spain. Bilbao is a city that reminded me, I think, of Hamilton, and this transformed the city.

Christopher Hume

Bilbao is the Hamilton of Spain. It has a population of half a million, is a shipbuilding city, a steel town on the Atlantic coast. It had lost something like 125,000 jobs over the course of two or three years and had hit rock bottom. The interesting thing about Bilbao is that the various levels of government there, unlike the various levels of government here, decided that they would renew themselves, re-invent themselves, through the power of architecture. This is the most celebrated example of what they did. They also got Norman Foster to design their subway stations. Bilbao went from being a city that nobody had ever heard of to one of the 20 most visited cities in Europe. The effect of the building was so enormous that it was called the "Bilbao Effect." Ever since, cities everywhere have been trying to copy this example. Nobody has managed to match it yet, but it's still something that people and cities are trying to do. I think that this is something that we have to keep in mind when we look at a project like the King Street one. This is a lesser known Gehry project in Germany. This is the Walt Disney Concert Hall in Los Angeles. This was actually designed before Bilbao, but built afterwards. You can see that these are the buildings that made Frank Gehry the superstar architect of his generation. And I would just add here that Frank Gehry is 84 years old, something else to keep in mind. This is our own AGO. This is the project where Frank Gehry reminded us that it's not always about spectacle, but about the simple things—how you get in, how you move around, and create a space where you can have an experience of art. His intervention has had an enormous effect on the Art Gallery of Ontario. This is the Serpentine Gallery Pavillion in London.

David Mirvish

This speaks about Frank's love of materials and of wood, something that is of interest to both him and me.

Christopher Hume

Las Vegas, Nevada. This is not the kind of place where you expect to find serious architecture, but this is one of the few non-kitsch pieces in that city. I don't know this project.

David Mirvish

This is for Michael Tilson Thomas. It's a music centre, but you can hear the concerts inside, or outside on the lawn. This is a picture of the evening outside on the lawn. It's an extraordinary music hall that can be altered to take any size of orchestra or any small group. It's where people go from the Julliard as a transition between it and the great orchestras of the world.

Christopher Hume

This is the most recent high-rise condo in New York. It is already a landmark, visible from the High Line, which seems to have been built as a place to view this very building. Like so many Gehry buildings, it changes as the light changes. There's nobody who is better able to incorporate a sense of motion and movement into his architecture than Frank Gehry. Again, we would be the beneficiaries of a lifetime of experience. And the fact that this is his hometown, the fact that this is a unique opportunity, is something that I think is very exciting. So here are more views of the same tower, which I think won an award last year for the best new skyscraper in America. Ours would be much better, much more interesting.

David Mirvish

Here's a very unique site in Hong Kong on a hillside—a series of, I think, 12 storeys of apartments, each one full floor. It is a sold-out residential building. People wanted to be there.

Christopher Hume

By Hong Kong standards, it is not very tall at all.

David Mirvish

No, but quite spacious. They're 6,500 square-foot apartments. They sold for $65 million. We don't have that same market. This is, I think, the most exciting part because this is in Bois de Boulogne in Paris. This is the Foundation for Creation. It's been nicknamed "the Cloud." And Jean Nouvel said, "The history of Paris is in its buildings. And once this building is open, it will become a part of us and make Paris better known than even today. The building opens next year with a whole year of celebrations and it's essentially a museum for the Louis Vuitton Foundation. It will show contemporary art, but it will also show designs and products. It was meant to make Paris the centre of creative activity, focus on creation around the world, but also focus on French culture.

Christopher Hume

I think that's it for the slides. Oh no, I've got one more here.

David Mirvish

Abu Dhabi is yet to come, and then I think that is it.

Christopher Hume

Well, let's just hang on here for a second, because I think that before we get into the actual project, we should set the stage. It begins in 1963, when your father, Honest Ed, bought the Royal Alex on King Street.

David Mirvish

Yes, the Royal Alex; we've been there now for 50 years. We've put on 500 or so plays. My real business is live theatre and I have four theatres in the city now. My father, when he bought it, really knew very little about theatre. My mother went but he didn't really have the time. He went to Honest Ed's. He had been to a show with me the year before, but he renovated it because he thought it was a beautiful building. What he didn't realize was the greater sweep of history that was involved in the neighbourhood. In the 1870s, the corner of King Street and Simcoe was once what we today call the public realm, the place where people went in and out of buildings. The northwest corner was education; there was Upper Canada College. The southwest was legislation; it was the provincial legislature. The southeast corner was education and legislation.

Christopher Hume

Damnation.

David Mirvish

No, the one before damnation. Salvation, salvation. St. Andrew's Church is still there, and it's the only thing that actually has survived. And then to the northeast was damnation. That's where the tavern was, but all those places were about people going in and out. This is the 1870s. And then in 1907, the Royal Alex was built, which was also part of the public realm, and the Lexington Hotel where TIFF is today. In 1912, the railroads were built on the whole south side of King Street in front of the Royal Alex and in front of TIFF, where Metro Hall is today.

Christopher Hume

And Roy Thomson Hall.

David Mirvish

And Roy Thomson Hall. They stored trains there. These were the stockyards. This was the end of the track. And they began to build all of these warehouse buildings in the neighbourhood. So from 1912 to 1963, this was taken away from the public and made into these warehouse buildings, where people went in at the beginning of the day and out at the end of the day, where it wasn't inviting because it was raised up and you had to go up steps or go downstairs. And there were little windows to let you see some daylight if you worked in the basement. My father didn't know better. He bought a theatre. It was supposed to be turned into a parking lot.

Christopher Hume

Torn down to make way for a parking lot.

David Mirvish

The city had moved on and was moving to the east. We had built the O'Keefe Centre, and that was to take over for the theatres. My father was a shopkeeper. He didn't know that you're supposed to keep your theatre closed if you don't have a really great show. He thought it was a habit to go to the theatre. So he was open 50 weeks out of 52 a year. And at one point, he was desperate. The show was so bad. It was called "Return to the Mountain." He said, "Look, I'm not even going to charge you. There's a bucket on the way out. Throw what you want in, okay?" And so from 1963 to now, we grew. When the theatre was by itself, 10 to 12 thousand people went in the wrong direction every week. The result of that was he wanted to make it easy for people and attract them so he bought the warehouse next door. He didn't know how to cook, so he went to friends like Harry Barbarian. He asked, "What do I make for these people?" And Harry said, "Make them roast beef. You can work all day at it and you just have to slice it when they come in." He bought all the peas on a farm and put that with it and he was all set. At its peak he served 6,000 roast beef dinners on Saturday night, which was, if you want to work it out, 75 head of cattle. So he changed the direction of people. Restaurants began to open around him. People began to build around him. We built Metro Hall. There was a hotel down the street. And then people began to build condos around him. And then TIFF was built, our most recent neighbour. And so what had once been an industrial area turned into a residential neighbourhood.

A lot of credit should go to Barbara Hall, in 2002, who said, "These don't have to be light industrial buildings any more." When we had the restaurants, the city came to us and said, "Tear down the top three floors over them. You can't have workers above what might set a fire in a wooden building." So he emptied those buildings and kept them empty until 2002. In the last 10 years we converted them and we now have them as places where there are companies like my own, which deals with tickets and deals with theatre, and companies that deal with ideas about water and all sorts of interesting activities providing jobs. What he really did is that from 1963 to 2013 he brought the area back into the public realm.

So today, the discussion is, "Do we keep the remnants of the public realm?" This is the crux of my discussion with City Planning, that is saying, "These warehouse buildings are more important than Frank Gehry." And I'm saying, "No, what's important is we've now got all these people coming into the neighbourhood and there's traffic on the sidewalk." Those sidewalks are narrow because warehouses don't want them. They build right to the street line. Let's pull back from the street line. Let's pull back from the corners. Let people have room to move. We're going to keep the Royal Alexandra Theatre. We have TIFF on the other side. We want John Street to be a cultural corridor and to link the Art Gallery of Ontario to the Aquarium and have activity on John Street. You can't have people coming to the Princess of Wales on John Street and parking going through that building over to John.

Christopher Hume

So David, let's show some pictures so people can see exactly what you're talking about. And let me just say ahead of time that the model of development in Toronto has been, as I'm sure you know, the idea of the tower on the podium. It wasn't always that way, but it has been for the last 15, 20 years. And the idea, the principle here, is that you activate that street level. You have shops, stores, restaurants, so on and so forth, so that you maintain the street level. You maintain that street activity, and you put towers on top of that podium, and the towers that we prefer now in Toronto tend to be tall, thin towers. So height is a big part of it. We're going to talk about this in a few minutes, but the city has raised a number of objections to this project and none of them are valid, I would argue. David, of course, is much too polite to say that but I'm not. So what we're looking at here is the ground level of the project. And David, maybe you can go into a bit more detail on what we're seeing here.

David Mirvish

Yes. You have to understand how Frank Gehry works. We start out with the first images that we showed the public a year ago when Frank was 83; he is now 84. And I'd like to point this out because all he wants is to come home. He wants to do a great building in Canada. But he also doesn't want to spin his wheels, because he has only so much time to do so many buildings. He has extraordinary buildings going on everywhere in the world at the moment. But when I said, "Let's give up on evoking warehouse," he said, "No, no. I'm going to use wooden beams and glass and bring it to the front of the building, but I'm going to bring the building line back." So you're looking at the north-east corner of John and King on the left-hand side here, and the entrance into the stores. There will be about six floors of activity in the lower parts of these buildings that are inviting to the public, where we want the public to come and go. But unlike the Princess of Wales, which brings them all in at one time of the day and crowds everything at once, that same traffic will now get spread out through the day and be absorbed in another way. And then he's taken these romantic—I think romantic because I think a curve is always romantic—shapes and protected people from the street with canopies that I think evoke 100 years earlier. Paris and Guimard are the references for me; the sense of the curvaceousness that art nouveau was able to express at that moment, that made that city so distinguished.

Christopher Hume

Let's just talk and explain a little bit more. In the first version, the city felt that these old warehouses were gone and that they were a heritage element in the city worth saving. Normally, of course, one would agree with that. And so, their request was that Frank Gehry try to reflect in his architecture this industrial heritage. It's hard to see on this slide here, but there are a number of thick, heavy wooden beams that are meant to evoke this history, this particular element of the history of King Street. The parts that you see coming down, the Guimard elements that David's talking about, are glass. There is essentially a rectangular building behind them, and these glass elements come down. They're sort of not fully opaque, not entirely transparent, but kind of a milky sort of glass that would let in light, but as David says, they would provide sort of a protective element. Should we go to the next slide?

David Mirvish

Yes, I think that would be helpful. Now you can see a little closer the wooden beams on the various floors. This is one of the corners. It's a mix of stores. It's a mix of university— OCAD University is going to be a part of this—and a mix of art gallery. I've spent 50 years of my life collecting visual art, and will put the core of that collection into 60,000 square feet of it. That will have to be backed up with about 100,000 square feet of warehouse space out of the city in order to feed it. And people don't quite understand what those interrelations mean. I spent some time the other day with some of the senior teachers at OCAD, and we were talking, because they're looking at putting curatorial studies and fine art history into this location. As they began to look at my collection, they could see that they had a tool they could work with, which would give them some differentiation from what other universities were capable of doing, because of the access to certain material. I look forward to that. I went recently to the Peggy

Guggenheim museum in Venice and spoke with Philip Rylands, who has run that institution now for 33 years. He said, "We have 1,500 interns that apply for 30 positions, and they come for three months to live here." They all have BAs. They're working on MAs or PhDs, and they go off later. They're all in philosophy, or fine art history, or architecture. And then they go off and they talk about our museum. Sam Mendes is coming to visit me next week. Sam did "American Beauty," the film. He was an intern and much of the imagery there comes from the Magritte in that collection. So a lot of inspiration, a lot of dialogue. It's a way of connecting Toronto to the University of Tokyo. It's a way of connecting us to a university in Prague. It's a way of having a dialogue between cities. So you have to understand that the nature of the jobs are complex as to what's going to go on this building. At the same time, I'd love it if Rem Koolhaas would put United Nude in. He makes computer shoes for ladies. This is such an extraordinary and unique store. And why wouldn't we have an extraordinary little cheese store? And why wouldn't we have a great bookstore? Why wouldn't we have the elements of what make this a community and a place to live. Most of the cities in Canada are symbolized by our bank towers. They dominate our downtowns. Maybe where we live is as important. Maybe where we live should rise to the same height and have the same presence. On one side, we have a lot of wonderful institutions. They've been very successful at what they do. If their employees wanted to live near them and be able to walk to work in 10 minutes, wouldn't that be a wonderful juxtaposition, and wouldn't it be wonderful to say to the world that living and how we live and where we play and what we do is as important as how we make our livings.

Christopher Hume

We are going to talk about the towers in a second. But the podium, the six-, seven-storey podium is where the public part of this project is. Think about the typical form that development takes in Toronto. You have a dry cleaner, a sushi, and maybe a Tim Hortons at ground level, and the people who live and build these condos are happy to have these tenants in their building. The point here is that you have TIFF on one side. You have the Royal Alex. You have the addition of OCAD University, an art gallery, these teaching facilities, and the idea of the John Street corridor, which has been around for maybe three or four years and hasn't really gone anywhere yet but still could. You create a kind of critical mass here, and of course then there's the building itself. And the building itself is sculpture. Frank Gehry has always been very up front about the fact that he sees himself at least as much as a sculptor as he does an architect. This would be unique in Toronto, and, with the John Street corridor, would tie the whole thing together all the way up from Dundas, with the AGO, right down to the lakefront. Here are more pictures of the podium. You can see the wooden beams that David has talked about.

David Mirvish

There also is an echo of the Italian Galleria in the Art Gallery of Ontario with this. So it links the neighbourhood. It actually speaks to that. Frank lived on Beverley Street. His grandmother was there. So he wants to use clay and brick also in the buildings and in the tower. We're exploring different materials. Where we'll end, we're not sure. This is how Frank makes a drawing. He builds models. He told me there would be 75 models before we're done. We're somewhere around model 45. The volumes and shapes are there and this is part of the great adventure. It doesn't fit into the normal box. It doesn't fit into the way people usually work. You have to give enough room for creativity. I'm used to buying art that hasn't quite been finished or isn't quite dry yet. So this is just another piece of that. That's the street, Ed Mirvish Way, which is sometimes called Duncan Street.

Christopher Hume

I think it's interesting to talk about Frank Gehry for a second, because he left the city when he was 17 or 18 in the late 1940s.

But it's always been very important to him to be Canadian. In fact, he is a dual citizen. If you look at the textbooks, he is always described as a Canadian-American architect. If you go to his office, you'll see that his walls are covered in hockey paraphernalia. He's a big hockey fan. So the Canadian element, the Canadianness of Frank Gehry, is something that it's easy to forget, because everybody thinks of him as being American. But for him, this is an important thing. It would be the culmination of a career that has lasted a long time. I know that you met Frank Gehry before he was famous.

David Mirvish

I had an art gallery in Toronto from 1963 to 1978, and in 1971 I showed around a Californian artist named Ron Davis. He had just had his studio and house built by a younger architect named Frank Gehry. I did a dinner for Ron and they both came. That was the first time I met Frank. I stayed in touch over the years, off and on. But Frank really didn't gain attention until about 1976 with his own house, and then real worldwide attention with Bilbao. People sometimes don't quite understand, because I've gone for the grand gesture. Toronto matters as a city and we should stand up and we should be seen and be willing to take a place amongst other great cities. Frank, in the intimacy of what he does, is very responsive. I had some qualms about the first drawings of the art gallery but I didn't even have to announce them. He could get it from one or two sentences and my body language and came back with a much more responsive program that fitted what I wanted. He's very much textural. He fits into contexts. He's very much aware of where these buildings are going and what their relationship is to the rest of the buildings around him. His models are not built in isolation. They're built with whole city blocks built out around them so that he can see where these are going to fit in. We've tried to fit within the new city guidelines about spacing. The old city guidelines were 18 metres between towers. The new ones are 25. We're very close to fitting exactly those twenty-five.

So he's very thoughtful about what the needs of a community are. He doesn't want to build a building that isn't going to succeed. He wants to build a building that we won't know how good it is the day he builds it. We only know now with hindsight how great the TD Bank building is.

Christopher Hume

Frank Gehry's sensitivity to context is an important point. If you go, for example, to the AGO, and you go to the Gallery Italia, it is a viewing stand from which you can see the city spread out to the north in front of you. I remember talking to him when the gallery was opening, and he was very proud of that fact. It wasn't a coincidence. It didn't just happen. Even a building like the Guggenheim in Bilbao makes all kinds of very urbanistic gestures. I think that we tend to get sort of carried away with the spectacle of his architecture, but he's actually very sensitive to context. As I say, the Guggenheim connects the river to the city. It even opens up to allow transit to move through. And that, I think, he takes great delight in. One of the reasons I think this project is so important is because it's about the public realm. It's not just another developer trying to make as much money as possible selling as many condos as possible. That's not what this is about, although it's the condos that make it economically possible.

Christopher Hume

Another view from street level. This is looking west, I think.

David Mirvish

I think it's really important that we have retailing in this neighbourhood. We have three very high-end hotels—the Trump, the Shangri-la and the Ritz-Carlton. And yet there's no shopping that really holds people in the neighbourhood. They all have to go to Yonge and Bloor or to Yorkville. Great cities usually have two or three areas where these activities take place, and I think that there's a role on the ground level and on the second floor that's important, where we can have anchor tenants in the corners.

Christopher Hume

And, in addition to that, it's metres from a subway station.

David Mirvish

So close.

Christopher Hume

And then there's the King streetcar, soon to be replaced, of course, by a brand new twenty-first century LRT, and at some point in the future, closed off to cars. So they consider, or so we hope.

David Mirvish

Don't hold your breath, but we're working on it.

Christopher Hume

It will happen. This is the building that anticipates Toronto's future. And when it finally arrives it will be sitting there, ready, willing and able. Let's look at the towers now. David, why don't you start this?

David Mirvish

Well, Frank was faced with a conundrum. Usually you have a base and a tower, and he wanted to unite them. In a way, he's created three vases—one iron tower, a glass tower, and a clay tower. But they're really like three flowers growing out of a vase. Now I'm being metaphorical and I hope you don't expect me to water them. This material he has used before on the west side of Manhattan in a building he did there. It worked very beautifully and he thought he could make it even more interesting. He can use a milkier glass that you'll be able to see through at night and it will be opaque in the daytime. So we're playing with materials. As I say, we may not be able to afford this much architecture. But part of the hype and part of the density has to do with being able to pay for architecture and also to be able to pay for an art museum. Most people can never do an art museum because how do you sustain it? And we'd like to not have to charge the public.

We would maybe have to charge for special exhibitions, but we'd like to have it funded to the level that we allow the public in. And that's where the rents of the commercial space play a role. So all of it comes together in different elements.

Christopher Hume

We only have a few minutes left. Why don't you tell us exactly where the project is in the approval process?

David Mirvish

Well, the latest information that I have on it is we've been in dialogue a full year now. There is a made-in- Toronto solution that we are often confronted with. The made-in-Toronto solution is to fit in with what exists. Don't put your head up too high. Don't stick out. If we would like to do one tower next to the Royal Alex and maybe one tower between two of the warehouse buildings, and therefore eliminate the public realm from the corners, and not make the sidewalks wider, I suspect we could get permission. I think that's where we're at.

Christopher Hume

So when will you be at the Ontario Municipal Board?

David Mirvish

In January.

Christopher Hume

In January. So that's when we'll find out what happens. I think, David, we've run out of time. Thank you very much.

David Mirvish

Thank you. A pleasure.

The appreciation of the meeting was expressed by Dr. Gordon McIvor, Executive Director, National Executive Forum on Public Property, and Director, The Empire Club of Canada.

October 29, 2013

Tim Leiweke

President and CEO, Maple Leaf Sports and Entertainment

CREATING A CHAMPIONSHIP-WINNING CULTURE

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Tom McKaig, Adjunct Professor, University of Guelph, Author for McGraw-Hill Publishers, and Director, The Empire Club of Canada; Dave Cagadoc, Student, Monsignor Percy Johnson Catholic High School; Captain The Rev. Phillip Ralph, National Program Director, Wounded Warriors Canada, and 32nd Canadian Brigade Group Chaplain; Dr. Cheri Bradish, Associate Professor, Loretta Rogers Research Chair in Sport Marketing Management, Ted Rogers School of Management, Ryerson University; Chris Rudge, Executive Chairman and CEO, Toronto Argonauts Football Club, Former CEO of the Canadian Olympic Committee and Board Member of the Toronto 2015 Pan American Games; Paul Fogolin, Director of Stakeholder Relations, Ontario Minister of Health and Deputy Premier, and Director, The Empire Club of Canada; Harry Rosen, Chairman, Harry Rosen Inc.; and John Varghese, President and CEO, JV Venture Partners Ltd., and Chairman, Direct Media Technologies.

Introduction: Noble Chummar

Mr. Leiweke, I know that you have been here for quite some time, but let me first formally and on behalf of the Empire Club of Canada, welcome you to Canada and the city of Toronto.

Toronto is a championship city. We are champions in business, education, art, culture, science and sport. Professional sports are one of the reasons why Toronto is a world-class city.

The powerhouse of the sports industry in Canada is Maple Leaf Sports and Entertainment.

The company's vast holdings include the Air Canada Centre, the Toronto Raptors, Toronto Football Club, and our beloved Toronto Maple Leafs, one of the oldest and most valuable sports franchises in the world.

I have had the great honour of working with my good friend Mr. Chris Rudge during the bid process for the 2015 Pan American games. We travelled the world together selling the virtues of sport and the city of Toronto. In that process, I learned that sport is much greater than getting a puck in a net or a ball in a hoop. Sport brings people together. Sport makes communities healthy. Sport ignites economic development and inspires our youth.

In Canada professional sport is more than just a game that you watch.

In 1963, Clarence Campbell, the then President of the NHL, spoke at the Empire Club of Canada. At the time, there were only six teams in the league. He said, "Hockey fans in Canada are participants. They are not spectators. They are fundamentally participants. You go to a hockey game in Canada and watch the reaction of the crowd. Many of them need a rest when they go home."

Sport is also a catalyst for change. Urban life changes when our teams succeed. Hotels are built, restaurants emerge, international conventions are booked and urban residential communities are intensified.

Mr. Tim Leiweke brings a fresh beginning to the city of Toronto. As of this past summer, he is the new President and CEO of Maple Leaf Sports and Entertainment and is one of the most highly regarded leaders in the industry.

Mr. Leiweke was born in St. Louis, Missouri and, at the age of 24, he became the youngest general manager in professional sports. Mr. Leiweke was brought out to Los Angeles to become President of the Los Angeles Kings.

In 2001, he became the President and CEO of the team's parent company, Anschultz Entertainment Group (AEG). The company's properties include the LA Kings, Los Angeles Galaxy, and a significant stake in the LA Lakers.

While at AEG Mr. Leiweke was responsible for the overall development of the Staples Center and L.A. Live, a four-million square-foot, $2.5 billion sports, residential and entertainment district.

Mr. Leiweke has received countless honours for his business acumen, including ranking fifth in the Sports Business Journal's most influential people in sports and for his tireless community work in the cities that he has lived in.

Ladies and gentlemen, please welcome the man whose job it is to decide if the parade will go down Yonge Street or Bay Street, Mr. Tim Leiweke.

Tim Leiweke

I am honoured to be here today and be amongst some of the great leaders who have been before this group. Looking at your speakers and the roster here, and understanding some of the great people who have stood here before you, it is a real honour, and something I am very proud of.

When I was with the Kings, ironically we talked a lot about Canada. Back in the 1960s when the great Jack Kent Cooke, who also owned the Washington Redskins, bought the Kings and the Lakers and created an expansion franchise in the National Hockey League out in Los Angeles, people came to him and said, "Oh, you're going to do extremely well out there. There are almost a million Canadians who live in and around southern California." At the end of the first season, the Kings did not draw very well. By the way, they had the worst uniforms in the history of the National Hockey League. They all looked like grapes or lemons. People asked Kent Cooke, "What did you think about your first year, and the support that you derived out of Los Angeles from all of those Canadians who live here?" He said, "I have figured out that Canadians move to LA because they hate hockey."

I have come from Los Angeles to the cathedral of hockey, although some will argue that there are other places more important, other places more historic, and other places that are more ingrained in the sport of hockey. They are wrong. Toronto is the heart and soul of the great game of hockey, and we at the Leafs clearly understand once and for all we must become the Yankees of baseball, or the Cowboys of football. The Leafs must become the greatest team in the history of the National Hockey League.

Before I tell you about how we get there, let me tell you a couple of quick things about when my family and I were considering the move. When I left AEG I was fortunate enough to get a call from George Cope and Nadir Mohamed, Rogers-Bell folks and Larry Tannenbaum. They brought me in for a couple of interviews. My second time in, we decided my family would join me, and they'd come in a couple of days after I'd been here. They called the first day I was here and said, "How's it going?" I said, "Oh, things are good. I really love the city." What they didn't know is there was an ice storm and it was miserable, to be honest with you. This is April, and I'm wondering, "What the heck is going on here?" I tell my wife, "Oh, what a lovely city. Honey, you're going to love it here." On the second day, the ice storm gets more vicious. "Oh, my God, if they come here I don't think they're going to stay." On the third day they finally get here and we still have the ice storm, and it's kind of miserable, so I said, "This is so unusual. It's been so nice here the last two days." I kind of think they might be buying it until we walk into the hotel room, and the overcoat I've been wearing for the last two days is over in the corner standing by itself, because it's still frozen. That's when they looked at me and said, "Are you sure about this?"

Amazingly, despite the ice storm, what we've realized is there is a reason in North America this great community is voted and considered to be the most tremendous place. The number-one quality of life in all of North America is found in Toronto. Absolutely. Thank God we haven't had any more ice storms since my family moved here. I will also tell you that as I was saying yes, we went into that infamous seventh game against Boston, and despite the ice storm, despite giving up the four goals, despite that seventh game, I couldn't be more excited to be here; couldn't be more excited about this journey and where we're headed together. I will say it front and centre with the cameras rolling.

So what do you do when you come from Los Angeles, where you had the honour and fortune of being part of the Lakers' great runs of championships and you were taught by Jerry West and Phil Jackson and Dr. Jerry Buss, when you had a chance two years ago to win the hardest trophy in all of sports to win, with all due respect to the Grey Cup, the Stanley Cup with the LA Kings, and when you were fortunate enough to watch maybe the greatest soccer player on the face of the Earth, David Beckham, win back-to-back championships with the Galaxy? When you come here and look at the task at hand there are many people to say, "Well, why would you leave that to inherit this?" And what I tell them is, "We inherit this to become that." And that's exactly the task at hand. How do we take the culture? How do we take the tradition? How do we take the history that was created in Los Angeles with those winning programs and help ingrain them upon the teams here?

Now, every team sits around and talks about winning. Trust me, this is not a lack of desire or intelligence. Teams and professional sports anywhere in North America, anywhere in the world for that matter, want to win a championship. So what is it that suddenly we can do to inspire and introduce a culture that gives us an opportunity to change the mentality here? Well, I will tell you that I do believe that winning is directly associated with the environment we as an organization create for our players. I believe there is a direct correlation between the accountability that we demand out of our players, our team and our coaches, and the expectations that they believe they owe back to us, and in turn what we deliver back to you. What we needed is accountability.

Now, with all of the teams, one of the amazing things is we do not talk about winning championships. I asked a couple of the general managers, one who's no longer with us, why we do that. And they said, "Well, we don't want to create those expectations." I heard, especially on the basketball side, "The great players won't stay here. Look at the guys we've had. Look at Carlo, look at Bosh, look at all of these guys. They have all left. And the players that we want to get here won't come here because it's Toronto." I'm thinking that that's interesting. You look at the culture, you look at those expectations, and you look at the desire to create accountability. We talked to the best players I knew in the NBA who were elsewhere. I said, "Tell me what you think of Toronto. Tell me about the Raptors. Do you think it's going to be hard for us to keep great players or attract great players or keep great players?"

We talked to a half dozen guys who are in the league and a few guys like Shaquille, Magic and Charles Barkley who aren't in the league anymore, and to a person every one of them came back and said, "The best place to play in the NBA. My favourite city outside of where I played. I love going to Toronto." They told me all the reasons they like coming here, some of which I didn't want to hear but others were really good reasons. What was very clear, very evident, to me were two things. First and foremost, we do not have an image problem here, ladies and gentlemen. This is a great place to live; this is a great place to be part of a sports organization; this is a great place to win championships. Be proud of your city. I'm blown away by not just the quality of life, the people and the friendliness of this community, but by the dynamic nature.

Do you know that if you take the second-, third- and fourth-fastest growing city in North America—New York, Los Angeles, and Mexico City—and add up all their construction, that construction combined does not equal what is going on in our great city of Toronto. When you talk about quality of life, when you talk about a place you want to bring up your family, let me tell you something—I learned very quickly players want to come here; players want to stay here. Look at Clarkson and Bolland with the Leafs. They want to be a part of this city and this community. What we had were excuses. We found reasons why we would not succeed. That's why they didn't want to talk about championships. They didn't want the pressure; they didn't want those expectations.

Well, now we're in the expectation business. That's what we do for a living. That's why we ask you for as much as we ask, and we know that it's a lot. You buy tickets to ultimately come and watch us win. That's your end game and your hope. That's what you expect out of us. We in turn must make that not only a policy and part of our culture. We must have accountability with the players to help them understand we're here to win championships; we're here to win trophies; and we'll do whatever it takes in order to get there. We're going to put it front and centre and let everyone know from now on "championships" is not a nasty word. It is not an excuse; it is not an unreasonable expectation. It's what we live for, what we think about and what we work for each and every day from now on out.

So how do we get there? For some of these teams, it is a quick journey and for others it is a patient journey. The Leafs are close. Dave Nonis has done a phenomenal job with this club. I thought and still do think we had the best off-season of any team in the National Hockey League. As you sit back and look at the success we've had in the early part of the year, including for most of the month of October, the best record in 20 years, look at who got us there—the guys who were the core of that success despite the injuries we had. We had more injuries to our key guys than almost any team in the National Hockey League our first month. But if you look at who got us here, it was Raymond, it was Bowen, it was Bernier—three kids picked up this summer. And now Clarkson's back. I think the reason we created this environment is that this team now has the commitment towards doing something special, with no disrespect to the history and tradition of the 100 years of the Toronto Maple Leafs, or to any of the great players who have put on that jersey. But these players know now it's time to put their pictures up on the wall; it's time for us to hang up Stanley Cup banners; it's time for us to honour them and the tradition that we can now create for this generation. Bowen, Clarkson, Bernier, Raymond are those guys who are going to be heart and soul of understanding that. They've won championships. Bowen has two rings; Bernier has a ring; Clarkson was in the Stanley Cup two years ago. They are going to help teach us from a culture standpoint what it is we need to do to create those expectations, create those accountabilities, and make sure that we deliver to you a team that's capable of winning the Stanley Cup each and every year.

Dave Nonis has done a great job. We have work to do. Injuries and luck play a part of it, but I'll tell you this is an organization that has a chance of being great. It's one of the younger teams in the NHL, and we're going to continue to do whatever we need to do to fill in the pieces and continue to add to the puzzle to win you a cup. The Leafs are on the road and on their way. They get the expectations, we understand the accountability, and we're prepared to look you in the eye and tell you in short order unless we win a cup we did not have a good, successful year. We're not far away from being able to look you in the eye and create that accountability going forward.

The Raptors are different. We live in a system where we have a salary cap and a luxury tax. We live in a system where the entry into the NBA is mostly done through two major vehicles—drafting and trading. The unique beast in the NBA is that you can't trade a player for another player unless their salaries are within 90 per cent of one another. You can't offload salaries. You have to find equal value. The NBA is very difficult to go and build on the fly. You will not build a team quickly. You either get very fortunate and you don't have a good year like San Antonio when they were able to get the key nucleus of that team by having a bad year and getting a great draft pick. They built that team with those draft picks.

You look at Oklahoma City. You feel for the fans in Seattle because they were not very good in Seattle and they were able to go out and draft what I think today is the centerpiece and one of the best players in all of the NBA—Kevin Durant. You need to be in a position where you get lucky with the draft. You need to draft extremely well. You need to enter into good contracts that give you the room to ultimately fill in the rest of your roster. To be honest with you, we haven't done that here. I'm not blaming anybody. The blame is on us. This is our team, no one else's team; these are our decisions, no one else's decisions. We inherit the good and the bad, and what we have now is an organization that is in the past. I sat in the draft room this year and if there was ever a team that wanted a draft pick this year, it would have been the Toronto Raptors, especially with the Canadian kids that came out this year into the NBA through the draft. And we had no draft picks. None.

Now, think about this for a second. We haven't been in the playoffs forever; we weren't in the playoffs this past year. And we had zero draft picks. That is hard to do. That is really good work right there. And yet I sat there and watched our general manager, and I saw the staff that he put together—one of the youngest management teams in all of professional sports, and certainly in the NBA. They never gave up that night. They tried 20 different scenarios to try to buy into the draft, trade into the draft and get a pick. They had six key kids whom they wanted to get all the way through to the end of that second round, and they never gave up. I felt terrible. I walked out of there saying, "We just sent a bunch of new, young, exciting, brilliant executives into a war, and they had a BB gun and everyone else had nuclear bombs. And yet the next morning, they all came in and said, "Don't worry. This is where we turn it around. That is our low point. That's the worst you'll ever see. And it taught us a very valuable lesson: we'll never let that happen to this organization again, and we'll go from there." And from that day on I've never seen them make an excuse. I've never seen them look back and complain. I've never seen them point fingers. Masai and his team have concentrated on one thing and one thing only: how do we win a championship?

Now, it's going to take a little time with the Raptors, and I know the cameras are rolling. This is where I always get into trouble. By the way, when I came we had zero media guys. Now we have five media guys who just run around and tell me what I cannot say. They don't sit there and say, "Here's your speech today." They give me a piece of paper and say, "Don't say any of these 10 things, whatever you do." And I say nine out of the 10, usually.

You're going to be surprised by this Raptors team. I think this will be a classic case. We did not change a lot with this team. We have some bench players, including Psycho (I'm not allowed to call him Psycho), who is going to come off the bench, and give us the energy that we need. But you will see a different team with a different culture, with a different spirit. And we're all on the same page. The coach, his assistant coaches, the front office, the players, and management are all on the same page. We know exactly where we're going. We communicate brilliantly on a daily basis about what lies before us, and these players are ticked off that people aren't looking at them, and ticked off that they talk more about our mascot and his Achilles' heel and his rupture of the tendon than they do about our basketball team. They're out to prove something this year. I'd go out and buy tickets. You're going to enjoy this club. They're going to try hard every night, and I think we're going to shock a lot of people.

Our soccer team is in complete disarray, and so, as an optimist who gets up every day saying, "That ice storm was nothing, honey," the soccer team needs work. But the funny thing is in major league soccer we have a wonderful rule called the "designated player (DP)" rule, and I helped write it, so I know it well. We were able to get David Beckham and Landon Donovan and Robbie Keane in Los Angeles to win championships using that rule. We know how to use this rule, folks, I promise you. We're really good at using this rule. When you take the young nucleus that they've built, you're going to see about 15 of these young kids who have grown up here in the past year come back to be the nucleus, seven of them by the way having come through either our academy or through Canada. We're going to take that nucleus and we're going to add to it these three DPs. We have about a third of our salary budget still left to add two or three key veteran Major League Soccer (MLS) players.

The team we turn the quickest will be Toronto Football Club (TFC), and we'll turn them next year. Mark it down, write it down, film it. Go ahead and yell at me next year. Talk to me about the ice storms. We're going to turn TFC around. We've got to make the playoffs next year. We know where we're headed. We know how to get there. We have been given the resources of this ownership group, and we'll get to the right place.

Before I take questions, I have been asked two things, "What are the lessons you've learned, and what will you not do in Toronto?" Don't come and do a recruiting trip with your family in the middle of an ice storm is a really good lesson. Do not ride the subway back to my home after a terrible Leafs' loss, because you're trapped like a rat in the corner. They get really mad at you, but I don't need security. Make sure you have breakfast with the mayor; don't go to dinner with the mayor. That's the other thing I have learned.

I love your mayor. He's cute. He's like Tommy Boy; he's a good guy. What we need to do for this city is to get more aggressive here. This economy matters. We are an organization that at the end of the day can move the needle here. You're all business people, so you know this. We're going to get into the event business, first and foremost. We have a great staff. I was very impressed by the management team at Maple Leaf Sports and Entertainment. You heard about the people I let go. Well let me tell you there are a lot more people we didn't let go.

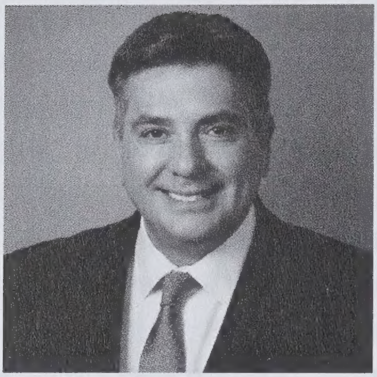
Believe me, I was not afraid of firing people. We came in and cleaned house. But the core nucleus of this organization is brilliant. They're very good and this management team is going to get us into the event business. We have just landed the NBA All Star game for 2016. Folks, let me tell you something. Those who say the greatest players in the NBA don't want to come to Toronto—B.S. They're coming to Toronto in February of 2016, right in the middle of our winter, and they're looking forward to it.

When we announced that, we announced a new partnership with Drake. And we created 2.2 billion impressions in about 48 hours for Toronto, the Raptors, and Drake with that announcement. Think about that: 2.2 billion impressions. That's what we can do to move the needle for this community. The introduction was right. Noble was exactly right—we are your conscience. We are what gets you excited and what makes you passionate about this community. We're what makes you smile in the morning and going to bed dreaming of parades at night. We get that and we're going to do a better job of that, because we can move the psyche of this town and this region like nothing else. From an economic impact standpoint, our job is to take a risk, and we're going to do that now.

That's not the first all-star game we're going to get. We're going to get an NHL All-Star game and an NHL draft here in the near future, but we want to bid on things that ultimately fill up more rooms, fill up restaurants, fill up retail and help move the economy here. That's our job, and we're going to be very aggressive about it. But we also know we need to win. We need to go out now and make sure that Noble's introduction was correct— Toronto is a city of champions. It is, but we're not it yet. He is, but we're not. We understand the mantle, the pressure, the expectations and the impact of what we could do if we could win for you. We think about it every day, we think about it every night when we go to bed, and we think about it every morning when we get back up and come into work. And that is the cultural change that is occurring at Maple Leaf Sports and Entertainment.

The appreciation of the meeting was expressed by Paul Fogolin, Director of Stakeholder Relations, Ontario Minister of Health and Deputy Premier, and Director, The Empire Club of Canada.

November 4, 2013



The Hon. Charles Sousa

Minister of Finance, Province of Ontario

CREATING JOBS AND GROWING THE ECONOMY

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Chris Carson, Chief of Staff to the Deputy Premier of Ontario and Minister of Health; The Hon. David R. Peterson, Chairman, Cassels Brock & Blackwell, Chairman, Toronto 2015 Pan American Games, and Former Premier of Ontario; Paul Zed, Chairman, President's Advisory Board, Cisco Systems Canada, and Former Member of Parliament; Christopher May, Director of Government Affairs, CPA Ontario; Thomas Teahen, Chief of Staff to the Premier of Ontario; Rob. Scullion, Chair, CPA Ontario, and Partner, Ernst & Young; and Andrea Wood, Vice-President, Legal Services, Telus, and 1st Vice-President, The Empire Club of Canada.

Introduction by Noble Chummar

Being the guy who holds the purse strings is a huge responsibility. In our daily lives, we must make financial decisions that impact our families, our future and our standard of living. A family holiday in Europe? Renovating a home for an elderly parent? Or putting money aside for university education. All priorities. All important. Only one problem—money is not infinite.

Someone who knows that money is not infinite is the Minister of Finance. He has the daunting task of deciding how to spend, save and invest the money of 12 million people—12 million people from different geographic regions, ages and circumstances. Some Ontarians are highly educated. Some of us are retired. Some of us are concerned about childcare.

While some of us are among the wealthiest on the planet, some of us depend on social assistance. Some Ontarians live in large cities; others of us live in rural communities. We use roads, transit, schools and electricity. Some of us have just arrived from other countries; others of us have been here for generations. Thankfully, most of us are healthy, but some of us truly depend on our state-of the- art health-care system. Ontario is a diverse society to say the least. We are all in this together and have entrusted our elected leaders to make macroeconomic decisions on our collective behalf. I suppose, Premier Peterson, the only more difficult job than being the treasurer is being the premier!

Minister Charles Sousa was born and raised in Mississauga, has been the Member of Provincial Parliament for the riding of Missisauga South since 2007, and is the current Minister of Finance for the Province of Ontario.

He is a husband and father, and former Bay Street banker, labour minister and minister of citizenship. Minister Sousa is a graduate of Wilfrid Laurier University and received his MBA from the Ivey School of Business.

On Thursday, Minister Sousa will rise in the legislature to deliver the government's fall economic statement. Charles Sousa is known for always saying: "In Ontario, there is room for everyone."

Ladies and gentlemen, please join me in welcoming the Honourable Charles Sousa to the Empire Club of Canada.

Charles Sousa

Well, thank you, Noble. I appreciate the introduction. I appreciate you giving my speech. That was great. It's pretty much done. Thank you very much for coming.

Actually, Noble has been doing an outstanding job for a lot of years with a lot of files and a lot of initiatives; and Noble, we really appreciate your advocacy and the work you do. Thank you so much.

I'd also like to thank our former premier, David Peterson, who's here today in fine form. The guy's looking better with age.

In fact, he looks the same as he always did, almost as good as Hazel McCallion. I have such great respect for our former premier for all that he's been doing and more importantly, this man gives back to the community in a huge way. Now as Chair of the PanAm and ParaPanamerican Games of which he was instrumental in landing, he is now the biggest cheerleader there is to ensure that those games make Ontario proud. Mr. Peterson, we're proud of you so thank you for what you do.

Of course, the former premier didn't come alone. He had to bring some back-up. He brought his former minister, Bob Wong, who's here today. Where are you, Bob? There he is. Thank you so much for being here.

I think Steve Mahoney is here as well. He has been involved in every order of government. Thank you, Steve.

As Treasurer, I have a boardroom and in the boardroom there are all kinds of pictures and I look at this woman almost every day and to have her here again today live is such a great pleasure—Janet Ecker, former Finance Minister and also Chair of the Toronto Services Financial Association.

I didn't come alone either. I brought one of my colleagues, Soo Wong, one of our newest members in caucus who is doing a fantastic job.

Actually, she replaced a prince of a man. This individual has been with us a long time even during the days of David Peterson and I should tell you that this man continues to work for us still. He was former chair of the Treasury Board. He was minister of pretty much everything in government and he continues today to help me as a mentor and as a guide and he sits on my Treasury Board still doing good work. Thank you so much, Gerry Phillips.

Of course, there are a lot of other distinguished guests here as well and I just want to welcome all of you ladies and gentlemen. Thank you and good afternoon. Thank you for taking time out of what I'm sure is a very busy day for all of you. I know and you know that I've been treasurer for about a year now. My life has changed quite a bit. My youngest daughter is a teenager so some of you who are parents of teenagers will appreciate this. I'm not really used to people paying close attention when I'm speaking. She didn't even come here today so before I begin I just want to say thank you for listening and I want to thank my son, who did come. Thank you Justin for being here today.

I also want to thank all of you for all you do day in and day out and the work that you do and the jobs that your work supports to build a stronger Ontario, a more compassionate Ontario, a fairer Ontario.

Later this week, our government under the leadership of Premier Kathleen Wynne will be tabling our fall economic statement. Today, I want not so much to provide you with a foretaste of the content of the statement, though I may do a bit of that, but mostly to talk about the context; the careful deliberation and the planning that has gone into creating our new economic plan.

First though, let me tell you what it is not. It is not a plan that supports drastic cuts, across-the-board cuts to vital programs and services that Ontarians rely on and that families require and that support a strong economy. We know that this is what some have done in the past and suggest we do again. We reject that approach and we reject it both on principle and non-experience.

When we took office in 2003, we had three deficits to contend with. More than a $5-billion fiscal deficit, which the previous government had run-up and hid despite relatively good times and a strong global economy no less. There was an education deficit, caused by years of neglect and cutbacks in the classroom. That meant untold hours of instruction lost to a generation of Ontario students and an infrastructure deficit in the form of crumbling bridges, poorly maintained roads and highways, and chronically underfunded and inadequate transit.

It has taken us a decade of hard work and strategic investments to begin to repair that unfortunate legacy and while we have introduced successive balanced budgets in good economic times, the reality is that the global recession that was placed on Ontario's doorstep has meant we find ourselves in a fiscal deficit like so many others. But the good news is that we have a solid plan to grow our economy and we are on track to balance the budget by 2017–18.

In the other two areas, education and infrastructure, we have also made significant progress. Despite today's economic challenges, we choose to continue to invest in our future. Today across Ontario, more students are graduating from high school than ever before. More students are doing post-secondary education than ever before. Test scores are higher, class sizes are lower, and Ontario's education system is internationally recognized as one of the best in the world. This means that our young people are better equipped, better trained, and better able to compete in the global economy that prizes innovation, education and entrepreneurship more than ever. We've also introduced new programs that increase financial literacy in our schools, and that's encouraging.

To address the infrastructure deficit we have refurbished 7,900 kilometres of roads and highways, enough to stretch from Toronto to Calgary and back. We've added new trains, longer trains, more trains, including a 30- minute all-day service on the vital GO Transit corridor, that helps alleviate traffic on our highways and gets goods and people moving more quickly and more safely, as well as providing better public transit within communities, big and small, all across Ontario. Our partners at Metrolinx have done a tremendous job in that regard.

And yet, we need to do even more, which is why last week we announced that Ontario will be the first province in Canada to develop and sell green bonds. The proceeds from these bonds will be directly invested in transit and in environmentally friendly projects right across our province.

But we're not done. More needs to be done. I live in Mississauga. I'm a commuter and I can tell you I've spent so much time looking at people's cars on the Gardiner Expressway that I think I've read every bumper sticker in Ontario and we're all there, stuck, just trying to get to work.

I even had the opportunity to hear the premier and Darryl Dahmer give a bird's eye live traffic report further reinforcing the critical need for us to invest. This log jam costs our economy $6 billion per year in the Greater Toronto and Hamilton areas alone and we all feel the effects.

So when other parties call for drastic cuts, especially given that we are the only government in over a decade to have actually reduced total spending, the fact is that we are already the lowest-cost government anywhere in Canada. I can only think of the chaos that reckless cuts would cause to our economy. I think of the increased loss to our productivity. I think of the nurses and doctors out of work and how it would hurt our ability to care for our seniors, our sick and our vulnerable. I think of the brownouts and the black-outs we suffered. I think of the years we lost in our schools and how hard and how long we fought to restore fairness and create greater competitiveness, so we reject that approach on principle.

Ontarians know that cuts made are only expenditures delayed. Simply kicking the can down the road for future governments to deal with is unacceptable. People reject that nearsighted vision and so do we, and then there are others who suggest uncontrolled spending and reckless taxes on our job-creating businesses just at a time when the global economy is in the midst of a fragile recovery. We reject that approach too on principle, because Ontario families rely on those jobs. They rely on our businesses and entrepreneurs to thrive and compete and on our ability to attract new investment.

As today's Ontario government, we have a different principle—one that is informed by a practical and pragmatic approach to the new realities of a highly competitive and global economy and one that leverages the competitive strengths we have all worked so hard to achieve. We will reduce Ontario's net debt-to-GDP ratio to its pre-recession level of 27 per cent. This is a measure of our ability to afford debt, because we cannot afford to pass that burden on to our children, even if they don't always listen to me, or you. We will grow our economy. Stronger growth and new jobs is the surest, fastest path to higher revenues and a balanced budget. Not drastic cuts or business-killing taxes, but by growing the economy and creating jobs and as we do, we will continue to provide predictability and stability for Ontarians and our businesses, and we will continue working hard to strengthen and ensure that all regions of this province benefit from a strong and growing economy.

We will also continue to take action to reduce costs for consumers, particularly when it comes to auto insurance. Our strategy calls for a 15-per-cent reduction in auto rates on average. Last week, I received an interim report from Justice Cunningham on ways to improve the dispute resolution system. The system suffered a significant backlog delaying support for victims and that backlog keeps costs high. We must correct that. Mr. Cunningham has outlined recommendations towards a quicker and more efficient model for resolving those disputes. In the next few weeks, we'll release the report and work with our partners to get it done.

Responsibility and fairness are the principles that guide us and they're not only the principles of our government, not only the principles embraced by Ontario families. I share them as well. I'm a son of immigrants. I was born just a few blocks away in Kensington Market. My parents came here from Portugal, because they saw Ontario as a place of opportunity. As my dad, likes to say, "In Ontario, there is room for everyone, room for everyone to compete and do business, room to learn and above all, room to help one another."

I stand before you as proof that he was right. Dad, take a bow.

Because of him, I had that opportunity. I attended Ontario public schools. I got my degrees from Ontario's publicly funded universities. I worked in Ontario's thriving financial sector, one of the strongest in the world. My children were born in Ontario's public hospitals and at every step of the way throughout my whole life, I've been given the room to compete and do business, to learn and to help others. What is remarkable about that story is how typical it is, how it is shared by so many of us in this room and across our province. Friends, you have invested in my family and I have invested in yours and that's the way it should be, because we know that working together we can achieve so much more than we can alone and that is the beauty of Ontario.

It is a place that is as compassionate as it is competitive, as fair as it is prosperous and that balance, one that is at the heart of our civil society, is just as important as the financial balance on the books because it is also a competitive advantage in the global economy and our Ontario Liberal government will protect that balance always.

And at the same time, we'll continue to create an economic climate that allows Ontario's businesses to thrive. Already we have created a stable and competitive business climate by cutting taxes, which includes reducing corporate income tax and eliminating the capital tax. This encourages new business investment and helps to create jobs.

We also just introduced legislation to cut employer health tax for 60,000 more small businesses and, if passed, beginning on January 1 almost 90 per cent of Ontario businesses will not pay this tax. But as we head towards January, the Opposition has been holding up this bill. These political gains will hurt small businesses right across our province. Our measures have allowed businesses to save money, to keep it on their books to eventually invest in new equipment and machinery to become even more competitive and productive, and to train and hire people to achieve even greater success. But here again, Ontario needs to do more.

I think many of you have been aware of recent studies and reports by Deloitte, CIBC and others that show many companies are not taking advantage of the opportunities to expand, innovate and improve their productivity. Instead, many companies are holding high levels of cash, holding back on these very investments. As a former banker, I appreciate the contradiction here. On the one hand, having cash on the books can be a good thing given it's a function of working capital. A strong balance sheet provides businesses with great security and positions them for growth provided that surplus cash is invested, because not doing so is what limits our competitiveness. In an uncertain global economy, in a fragile recovery, certainly a measured approach to new investment makes sense.

The majority of the U.S. states provides R&D tax credits targeted to incremental R&D expenditures. Ontario and Canada's R&D spending as a proportion of GDP remains significantly lower than that of the United States. That in turn allows the U.S. competitors to produce goods and services more productively. This is a race. We can't fall behind. We can't falter and we can't be faint of heart just as our government is making the necessary investments in health care and education and infrastructure so that Ontario has a solid backbone to compete and win in the global economy.

As Ontarians, we're always striving to work together. The government will play its part, but it's businesses that create jobs. So we'll do more to help them to become even more competitive by encouraging investments in new machinery and equipment and in other ways to boost productivity. We'll consider measures already taken by other parts of the world to promote capital investment. These include R&D tax credits to reward additional spending and the pay tax incentive for new spending in equipment, technology and training. We'll also partner with industry to measure and report on those investments in innovation, training and technology and showcase top performers against international benchmarks.

We'll do so because we know on principle we can't cut our way to success, because that only results in a race to the bottom. We can't tax our way to success, because that strangles our ability to compete. We only grow our way to success by creating an environment that our job-producing businesses need to succeed. That insurance supports the strong economy we need, which in turn supports our vital public services, like health care and education that our families, yours and mine, depend upon. That's the principle we'll follow. That is an approach that is fair and balanced in every sense of the word.

Ladies and gentlemen, this is an important time for Ontario. As the world recovers, as the challenges and changes in the global economy continue to play themselves out, we won't sit still. We in Ontario are leading the way to finding a Canada-wide agreement on CPP enhancement. Last week, I met with other finance ministers and, for the first time, we agreed on a set of objectives of how to move forward on pension reform.

We've also recently made headway on a cooperative securities regulator. Ontario along with British Columbia and the federal government has established a framework to have a more competitive and effective system. That is not only good for Ontario. It's also about building a stronger nation for people and businesses all across Canada.

We will not rest on what we've achieved together though. We will continue to invest. We will not cut for the sake of cutting. Those actions that hurt families and take our economy backwards are not where we're going to go. We will continue to build and improve our productivity and encourage businesses to invest and create more jobs. We remain on track to balancing the budget by 2017–18, because we will continue to create the conditions for economic growth by investing in people, building modern infrastructure and supporting a dynamic and innovative business climate, and we'll do this in a way that is fair, that is balanced and principled, and we'll ensure that Ontario remains what it has always been—a place where there is room for everyone, room for everyone to compete and do business, room to learn and above all, room to help one another.

Thank you.

The appreciation of the meeting was expressed by Christopher May, Director of Government Affairs, CPA Ontario.

November 5, 2013

Linda Hasenfratz
CEO, Linamar Corporation

MYTHS AND REALITIES ABOUT THE GLOBAL AUTOMOTIVE INDUSTRY

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Verity Sylvester, Director, CV Management, and Past President, The Empire Club of Canada; Amanda Defilipis, Student, University of Guelph, Humber; Rev. Chris Miller, Retired Minister, United Church of Canada, and Chaplain, Context TV; Catherine Swift, Chair, Canadian Federation of Independent Business, and Past President, The Empire Club of Canada; Steve Weisz, Partner, Blake, Cassels & Graydon LLP; Stephen Hewitt, Senior Manager, TD Bank Group, and Director, The Empire Club of Canada; and Bliss White, Partner, Blake, Cassels & Graydon LLP.

Introduction by Noble Chummar

Our guest speaker is the inaugural speaker of our Women-in-Charge series, which will feature prominent leaders from the public and private sector at our podium. So thank you, Linda, for being here today and kicking this off.

The invention of the automobile has transformed human life. In fact, at this very podium in 1952, Henry Ford II addressed the Empire Club. He spoke of the impact of several American inventions including that of his grandfather. He said: "When you set free the creative energies of millions of individuals, you release an explosive force that performs miracles for all mankind." A Michigan farm boy set to work on the principle of mass production that gave inexpensive transportation to hundreds of millions of people.

Our guest speaker today is someone who is continuing the legacy of Mr. Ford. Linda Hasenfratz is one of the world's foremost leaders in the automotive industry. I wonder if Mr. Ford would ever have thought that a woman would take on such an important role in the industry that he created. Linda is the Chief Executive Officer of Linamar Corporation—a company founded by her father in 1966. Although she has her MBA from the Ivey Business School, she literally started her career at the bottom—having experienced life on the line as a machine operator.

Since her appointment as CEO, Linda has grown the company to over $3 billion in sales. Linamar Corporation has over 17,000 employees and operates in North America, Europe and Asia.

Linda is on the board of the Canadian Imperial Bank of Commerce and of the Royal Ontario Museum.

Ladies and gentlemen, please welcome our guest speaker, Ms. Linda Hasenfratz to the Empire Club of Canada.

Linda Hasenfratz

Thank you so much for that kind introduction. It's a real pleasure for me to be here this afternoon. I think I can safely assume that none of you were here for Henry Ford's speech, which is good. So I don't have to worry about living up to that ideal. But I hope you learn a little something about the automotive industry today. I'm here to tell you a little bit about that and also to talk about Linamar and our company and how we run our business and what we think has made us successful over the years.

I'll start off with Linamar and tell you about our company. We're a diversified manufacturing company. About two-thirds of our sales is focused on the automotive industry. The balance is made up of work we do for commercial vehicle customers on-highway, and off-highway, as well as the energy markets and the equipment market where we make scissor lifts, boom lifts and telehandlers under the brand name Skyjack.

In our automotive business, we make a variety of precision machines, components and assemblies and even full systems for engines, transmissions, and drive-line areas of the vehicle—the same kinds of products we would be making for our commercial vehicle customers. We have had design involvement in those products increasingly as time has gone on, more on the systems side and on the drive-line side of the vehicles. So for instance, we make full all-wheel drive systems for vehicles to create all-wheel drive and improve drivability of vehicles. We would be fully design-responsible for those products, as well as doing all the manufacturing for that.

Sales last year as you heard were north of $3 billion. Being CEO of Linamar has been a very exciting opportunity that I've had over the last decade. My father started Linamar back in 1966. He named Linamar, by the way, after myself, my sister Nancy and my mother Margaret. When my sister's not around I claim the "N." I should mention that. Don't tell her. It's been a great opportunity to take something that my father started and grew so incredibly over that 25–30-year time period, and to try to be part of our continued growth. We really see just so much opportunity in each one of those different areas of our business to continue to grow the company.

My father came to Canada in the late '50s with literally nothing in his pocket, but he had a really important asset and that was a skill. He was a skilled machinist, learned his trade in his native Hungary, came here with that skill and used that skill to build this business. I mention that because I worry that our young people today are not as interested in pursuing a career in skilled trades when in actuality you can have massive success by doing that. Doing a trade is a highly lucrative career on its own, but also can be such a fantastic stepping stone to starting your own business, just like my father did, or being part of a growing and entrepreneurial company like Linamar. I look at the people who are running our plants—our general managers—and over half of them have come from the shop floor. They're either skilled trades people or operators, who showed a flair for leadership and were able to grow in our company into that position.

We've tried to build a company at Linamar with a really solid culture, a great culture centred around being entrepreneurial, being excited about growing our business, growing the top line, but also growing the bottom line, and not forgetting that that's absolutely critical in successful growth.

We're also all about balance, balanced decision making. You hear us talk quite a lot about balancing customer, employee and financial satisfaction in everything that we do and that's really critical. You hear me talk more about balance in other aspects of how we go about running our business, but that's certainly a key part of our culture at Linamar.

We are respectful—respectful of our people, respectful of the work that they do and the importance that they play in our organization. I think our people appreciate that and therefore work in accordance and that's certainly been a big part. Something my father taught me a long, long time ago is to be respectful of our people.

We're a very responsive company. We do off-highway business as well as on-highway. One of our customers, Caterpillar, is a big customer. They call us the "911 of the automotive industry" because they know if they've got a problem, they can give us a call and we can quickly help them out of their issue. I remember a situation a few years ago when Caterpillar had a plant in the southern U.S. that was unfortunately hit by a tornado and was pretty much completely destroyed. Happily, nobody was hurt, but what they realized when this incident happened, because they were fully shut down in terms of production, was that the parts that they were making in this plant actually went into almost every piece of Caterpillar equipment made worldwide. The shutdown of this one plant literally had the ability to bring this multi-billion-dollar company to its knees in a matter of weeks. They called us up and asked us how quickly we could get tooled up to make these components. Within three or four days, we had submitted our first samples and within five or six days, we were in production and never shut Caterpillar down. I think that kind of responsiveness is really key. It's certainly what brings our customers to us and what brings them back to us. We can help them in those situations, which then, of course, brings back long-term business after that.

And lastly, we've got a culture that is absolutely grounded in innovation, hard work, and how we go about doing things. You can really see that throughout the company in terms of the products we're designing, in our drive-line business, and in the processes we design to make our products.

I talked about the idea of balance and another thing that we're always trying to balance is having the right amount of consistency and conformity in how we go about doing things—the right amount of standardization with enough independence of decision making to really encourage that innovation and ingenuity. When we have important stakeholders like our customers and our bankers pushing us for conformity, everything has to be done exactly the same because that's going to mitigate risk and allow them to be assured of a low-risk situation. I think shareholders are looking for low-risk, but I think that conformity really stifles what is a key element of success and that's innovation and ingenuity. That's why you have to strike the right balance. Pick the things that you think are really critical that you're going to dictate to everybody to utilize in running their plants, but leave enough discretion in terms of that decision making in what they're doing so that they can control outcomes and can come up with some fantastic ideas that we can share around the company. I think that that's really an important part of keeping that entrepreneurial spirit alive that is so much a part of my father and, therefore, everybody that he's touched within our organization. It certainly is something that we constantly are trying to do—simplify how we go about doing things and really let that entrepreneurial spirit thrive. I think you can crush an entrepreneur if the rulebook is too big. By the same token, they can erupt in flames if they don't have a few guidelines to work around. So we do need to mitigate risk.

I want to talk a little bit about running a successful business and some of these concepts can be applied to really any business. It doesn't even have to be manufacturing and it certainly doesn't have to be automotive.

At Linamar there are three important things that we need to focus on to have a successful and prosperous business. Number one, we need to always stay competitive. Of course, you have to be competitive in order to win business and you stay competitive by focusing on a combination of innovation and efficiency. The products that we're designing that our customers want and need to solve their problems and the designing processes need to be more efficient, have better repeatability, need to be of better quality, and we need to be faster than the next guy. This is absolutely key to competitiveness and then, of course, we have to run an absolutely efficient, lean operation. You've done a good job around planning out your line. You're must do a good job of purchasing. You must do a good job of managing your labour costs. Competitiveness, of course, is key to prosperity.

But also key is having a market of opportunity. You have to have opportunity. My father saw opportunity in the automotive business in the mid-'80s and started to really focus our organization in that area. So you have to have a good strategy where you've identified what you want to make, who you're going to make it for, how you are going to compete, and think about what people like the least about this product. What do they hate about this product or that service and how can you fix that and therefore have a real competitive advantage to get out there and take advantage of the opportunity?

And the last key is again culture—having a great, solid culture in the organization that people really understand, doing a good job of communicating with people around, and doing a good job of rewarding performance and demonstrating it at every level. I can't tell people to be entrepreneurial if I'm not acting entrepreneurial. If my father can't do that neither can anyone else in the organization.

When I look at innovation here are a couple of examples. Process innovation is something that we've always been really good at; leading-edge machining and assembly capability and I think a great example of that is our gear business. About 10 years ago, we looked at the global gear business, which is somewhere close to $30 billion of the potential market and decided that the intricacy and the challenge around producing a gear was something that really fitted well with our strength and our capabilities, so we decided we wanted to focus on the gear market. We set up a small gear shop inside one of our plants in Guelph and today we're making more than 20 million gears a year for a variety of customers in a variety of applications. We've developed some really innovative processing around gears—helical gear grinding, leading edge stuff around processing, and that's really I think what has brought that gear business to us. We are continuing to build this innovative processing in other elements of our business.

On the product innovation side, it is important to have products that your customers need and that their customers need and a good example of that, I think, is a new product that we've just launched this year. It's an electronically actuated axle, which can turn almost any vehicle into a hybrid vehicle and give you better control and functionality around driving a vehicle. It was very well received by our customer base and we're excited about the opportunities for that business in the future. Before you ask, we haven't received an order yet, but I think it's key to have that product innovation to bring your customers to you.

Let's turn to the automotive industry and talk about what's going on in the automotive industry here in North America. This year, we're going to produce a little bit more than 16 million vehicles in North America as a whole—Mexico, Canada and the U.S. North America is the smallest of the three major global centres of North

America, Europe and Asia. We're making 16 million vehicles, a little bit less than 20 per cent, 19 per cent of global production. More than 50 per cent of global production is centred in Asia—a combination of Japan, Korea and China. China, of course, is as big as North America on its own and growing at a much, much faster rate. Europe, even with the issues that they've had economically over the last few years, is still larger than the market here in North America. It's around 22 per cent, 23 per cent of the global marketplace. We look at that and think we've grown our company to more than $3 billion focused on a market that's the smallest market in the world in terms of automotive which is about two-thirds of our business. Imagine if we can do the same thing in Asia and in Europe that we've done here in North America. Of course, a key goal for us is to globalize our business.

In terms of market share in North America, market share hasn't really shifted very much over the last five years in the major players. A few percentage points here and there but otherwise it's been pretty steady as she goes. Ford and GM are sort of neck-and-neck at between 17 and 19 per cent of the market here in North America each. Toyota is sitting at around 12 to14 per cent. Chrysler is pretty close to Toyota. They're around 10 to 12 per cent and Honda and Hyundai each have about 8 to 10 per cent of the market. So it's a pretty good split. It's not changing very much which might surprise you. I think a lot of people in the automotive industry say, "Oh, well, Toyota and Honda are dominant in the North American market," but that's not the case. Not in North America.

When you look at the global picture, Toyota is right up there vying for the number-one spot with Volkswagen. But believe me, Volkswagen has got their eye on that prize and are pushing hard to be number one. We see Volkswagen, GM and Toyota alternating in terms of their number-one position on a global basis. They would make, let's say, nine to 10 million vehicles a year each. GM maybe would make a little fewer than that. Let's say around eight million. Renault and Hyundai also about eight million vehicles each followed by Ford at around six million.

The reason I bring this up and quote these figures for you is so that you can see the really diverse mixture on a global basis in terms of the regionality of these automakers. It's an interesting blend of the Asians, the Europeans and the Americans at each level. Volkswagen and Toyota and GM are vying for number one and then in the next round an Asian, a French and an American manufacturer. So interesting to see. It is also interesting to see the very significant position that both GM and Ford hold on a global basis because I'm often asked why do I want to do business with GM and Ford. They're not important. But they are critical players. They're critical players. They're in the top-five manufacturers globally, producing 15 to 20 million vehicles a year. Of course we're going to target doing business with those customers.

It's easy to be misled by some of the media stories you might see around what's happening with market share and I thought you might be interested in understanding what's really happening there.

I do think that production levels will increase in North America. I don't think they're going to increase dramatically in the short-term, but they will continue to increase

at a higher rate than the sales level, and the reason that I say that is I believe that we're going to see more vehicles produced in North America than are being sold here. At the moment there are still a lot of vehicles being imported into North America from either the Japanese or the Europeans. Increasingly due to higher and higher logistics costs and currency issues that have really hurt them over the last several years, they're looking to put production where they're selling the vehicles, so I think that will drive higher levels of production here in North America.

In terms of what the automakers do, I mentioned our business in the power train and drive-line areas. What I didn't mention is that 70 per cent to 80 per cent of the content in an engine and transmission is actually still manufactured by the automakers themselves. And just to give you a sense of that market, this year the market potential for engines, transmissions, drive-lines for automotives, as well as commercial vehicles, is around $400 billion. This is a massive market that is largely captive today, but is slowly being outsourced more and more to suppliers like Linamar.

We're very excited by that opportunity, because we feel that the growth for us could be significant. I think, importantly, that this will give us a consistent level of sustainable growth over a long period of time because you don't outsource $400 billion overnight. You're going to do it slowly. You're going to slowly outsource more and more of each of the content of each vehicle. As an example, I remember the 4-speed transmissions used to be pretty standard in the market in North America. We were making transmission shafts typically for the 4-speed transmissions. We would sell them for, let's say, around $12 to $15. With the 6-speed transmissions that pretty much have displaced the 4-speeds today, we would make full clutch assemblies or shaft to shell assemblies for our customers and sell them for anywhere between, let's say, $40 and $60. So this is quite an increase in terms of content potential.

In the latest transmissions that are just on the design and sourcing table right now, 9- and 10-speed transmissions, we're quoting on complex modules that are really more than one—a clutch module with additional componentry attached to it—in the neighbourhood of $100 to $120. So you can see how the content is really changing with every new transmission or every new engine. The story is similar on the engine side. More and more of the content is being outsourced, which is very, very exciting.

Offshore sourcing is on the decline and that's probably not a surprise to you. I'm sure you've heard that the amount of business being sourced in China is declining and there are a couple reasons for that. Number one is the logistics costs as mentioned. Logistics costs are certainly increasing in China at a pretty significant rate.

We have plants in China that we use for our customers in Asia and our wage inflation is around 12 per cent to 15 per cent a year compared to 2 per cent to 3 per cent here in North America. If you extrapolate those lines, you'll find that the labour costs would cross if that rate of inflation continued in between 15 and 19 years. That's tomorrow. Fifteen years from now is tomorrow. That's not even counting the increasing logistics cost. So there's a real dynamic that's changing here in terms of where product is being outsourced, and when you layer on some of the lower costs that we're seeing in North America, particularly in the U.S. on the energy side, it creates an even more compelling argument to manufacture locally instead of offshoring.

So with the manufacturing centering back into North America, I think the question becomes, "Who's going to get the production?" For instance, "Who's going to get the production of the actual vehicle?" I ask that question in the context of Canada. What's Canada's share of the pie going to be? And I worry that that piece of the pie is going to be shrinking. For us at Linamar, it doesn't matter a lot because 80 per cent to 90 per cent of what we make is shipped to the U.S. anyhow. Most of the power train plants are in the U.S. so that's where we're shipping our product. I think it matters to Canadians where vehicles are being produced because there's a huge multiplier effect of jobs. Six or seven jobs are created for every one automotive manufacturing job, so the multiplier effect is significant and the impact on the Canadian economy is significant as a result.

So how do we ensure that manufacturing of vehicles stays in Canada and what are the threats to that? Well, I think there are a couple of pretty specific threats. One is the Canadian Auto Workers (CAW). Their approach to union negotiation in comparison to the United Auto Workers (UAW) is completely different. The UAW has shown themselves to be much more flexible, agreeing to tier-two wage structures, etc. and that I think is a negative when it comes to looking at manufacturing in Canada. I think, when you couple that with the fact that many states in the U.S. are implementing right-to-work legislation, an even bigger issue for the Canadian automakers is created.

I mentioned energy costs in the U.S. are getting cheaper. We used to be at about seven cents a kilowatt hour in Canada and in the U.S. for our energy costs. Today, our energy costs at our plants in the U.S. are about five cents a kilowatt and here in Canada, they're nine or 10 cents and growing. That's rapidly going to become a significant issue, particularly for companies that have heavy energy bills.

And finally, incentives. You go into the U.S. There are huge incentive packages available in the U.S., particularly in the southern states, particularly for Original Equipment Manufacturer (OEM) assembly jobs. So I do think that these are areas that our government needs to think about and try and understand how we can ensure that the Canadian automaker jobs stay competitive. When I look at our own costs in Canada, we've been very careful and managed our costs carefully and if I look at our all-in costs in Canada compared to the U.S., it's pretty much the same. Our labour costs are slightly higher. I think they may be 8-per-cent or so higher, but are offset, thankfully, by lower taxes. Our tax rate in Canada is 25 per cent compared to 35 per cent in the U.S. It is a significant factor and actually fully offsets that labour cost differential. Our energy costs, as noted, are a little bit higher, but happily that's a smaller percentage out of sales for us. So our plants at an at-par dollar are pretty much the same from a cost perspective. You can get there. You can manage your business to get there.

I'm just going to finish off with a couple comments around technology, which I think you might be interested in again from the automotive industry perspective. There is lots of discussion and lots of interest around electric vehicles and hybrid electric vehicles in the marketplace. Most forecasts are showing that electric vehicles or the combination of electric and hybrid will probably stay less than 15 per cent of overall vehicle production for at least the next 15 to 20 years. Pure electrics are forecast to stay a little less than 5 per cent.

The issue is that electric vehicles still need some pretty significant technology evolution to really be able to become mainstream with affordability being really the key issue here. Other issues are range of the batteries and weight of the batteries. The battery pack is 800 kilos, huge, which really puts a lot of drag on the vehicle. You know range is an issue and degradation of the battery every year is also a key issue, so we need to see some significant evolution in battery technology in order to really get electric vehicles into the mainstream.

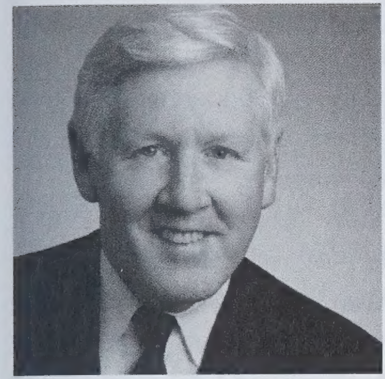
But what I think is probably most important to understand about electric vehicles is that in a country like the U.S., they do virtually nothing for the environment. By that I mean that electricity has to come from somewhere and in the U.S., the primary source of electricity is coal fired electricity plants. MIT did a study recently that looked at the well-to-wheels emissions of a variety of different types of technologies, vehicle technologies and they found that the well-to-wheels emissions of an electric vehicle is not dissimilar to that of a diesel engine and that's just because you've shifted the emissions from the tailpipe to the coal-fired electricity plant. So although I think electric vehicles have a lot of potential once we develop the technology further, in order for it really to make a difference in the environment, we need to change where our energy is coming from and get away from the coal-fired emissions.

Some of the other things going on technology-wise in the automotive world, like making less noise because that creates friction which impacts the fuel efficiency, connectivity so vehicles talk to each other, and driverless vehicles are all really interesting technologies that are being developed today and I think they will become more and more important in the future.

So looking to the future for Linamar, we feel very, very confident, very excited about our opportunities to continue to grow our business. As I've described our market is really quite opportunistic. I feel like we've got a good strategy and a good product and a good focus around innovation to keep ourselves competitive and growing. As noted, we had $3.2 billion sales last year. We're on track for record sales this year. We have booked business by 2017 of around $4.8 billion, so that's 50-per-cent bigger than we were last year and that's in the bank. We are targeting $10 billion in the longer term and are still very confident in our ability to meet that. We want to grow in a controlled way. Double-digit growth is our minimum goal each year. We can manage that from a financial and from a people perspective and I feel very confident in our ability to achieve that.

The appreciation of the meeting was expressed by Bliss White, Partner, Blake, Cassels & Graydon LLP.

November 26, 2013



The Hon. Bob Rae

Chief Negotiator and Counsel for the Matawa First Nations

CANADA AND FIRST NATIONS: TIME FOR A NEW PARTNERSHIP

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Stephen Hewitt, Senior Manager, TD Bank Group, and Director, The Empire Club of Canada; Captain The Reverend Neil Thomsen, Pastor, Evangelical Lutheran Church of the Reformation, and Kitchener Regimental Chaplain, Royal Highland Fusiliers of Canada, Kitchener and Cambridge; Jeffrey Steiner, Board Member, EDC, and Former Chief of Staff to the Minister of Indian Affairs and Northern Development; Bill Boor, Senior Vice-President, Strategy and Business Development, Cliffs Natural Resources; Alan Coutts, President and CEO, Noront Resources Inc.; Patrick Dillon, Business Manager, Provincial Building and Construction Trades Council of Ontario; Pierre Cyr, Chief of Staff, Office of the Minister of Citizenship and Immigration; Arlene Perley Rae, Writer and Children's Advocate; William F. White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada; and John Grimshaw, Executive Secretary Treasurer of the International Brotherhood of Electrical Works—Construction Council of Ontario, and Vice-President, Provincial Buildings and Construction Trades Council of Ontario.

Introduction by Noble Chummar

Today's lunch is about relationships. It is about a fundamental and important connection between people. It is about recognizing that over 2,000 years ago, this great land, this great continent was already inhabited. This lunch is about Canadian life and living together with First Nations fairly in peace and prosperity.

Healthy relationships among Canadians of every demographic make for a prosperous society. Mr. Rae, at this very podium in 1994, famously made this point clear. He said: "I don't care whether you call it altruism, collective self-interest, civic duty or economic necessity. But it all boils down to the same thing: to maintain our quality of life requires maintaining and strengthening the social fabric of our society." It's all about relationships.

Although we have inherited many challenges and perspectives, none of us are actually responsible for the behaviours or decisions of our ancestors. We might take responsibility or own up to the decisions of the past, but we weren't even born yet. We are all, however, responsible for our decisions now as they affect our future generations.

Our guest speaker will be addressing the club for the eighth time since his first speech in 1982. I think that this is indeed a record for the Empire Club.

Mr. Rae is a Rhodes scholar and a distinguished fellow of the University of Toronto and Massey College. Whether as a 30-year-old member of Parliament, as Ontario's 21st premier, Canada's leader of the official opposition, or as an international envoy to solve some of the world's biggest problems, Bob Rae has committed his entire career to public service. Mr. Rae is currently an advisor to the Matawa Tribal Council and Chairman of the First Nations Limited Partnership in British Columbia. He is an Officer of the Order of Canada, a Queen's Counsel, a Privy Councillor, and a member of the Order of Ontario.

When Premier Rae took office in Ontario, it was only a few weeks before he famously declared his support for the inherent right of aboriginal self government. Bob Rae has, to say it mildly, been a lifelong friend of Canada's First Nations. Ladies and gentlemen to talk to us about relationships, please welcome back to the Empire Club of Canada The Hon. Bob Rae.

Bob Rae

Well, thank you very much, Noble. I want to start by recognizing that we are meeting in the traditional territory of the Mississaugas of the New Credit First Nation, and want to express my personal appreciation for a number of representatives of First

Nations who are here today. I know that all of you were here for my previous seven speeches, and they are indelibly marked in your memory, so I'll try to make a point of not repeating what I said on previous occasions. Somebody once unkindly said of me that I was a rising star in five different decades. And the bad news for everybody else is that my mother turns 99 next week, so at 65 I feel like a young kid. I am very appreciative of this opportunity to speak to this audience on this subject, which is one that I think is of great importance to the country.

I suspect that I'm similar to many people of my background and my age when I say that I spent most of my childhood and adolescence without ever meeting a member of a First Nation. I think that for many Canadians living in southern Ontario, perhaps an occasional trip to the cottage or to what we called "the North" at that time, might have led to a meeting or an encounter. But I think that for much of the country, as we are a population so heavily dense along that strip with the American border, the question of First Nations, Aboriginal people, Indigenous people, was seen as an issue that was out there somewhere. It was out beyond where we lived and where we made a living. And so, we've often spoken of our country as being of two solitudes. Certainly with respect to the historic issue of English and French Canada, it could rightly be said that we have from time to time lived in solitudes, but not to the same degree and the same extent as the solitudes that we have lived between Aboriginal people, First Nations people, and the rest of us.

Two very broad trends have now put an end to that isolation. The first one is the fact that our resource economy continues to expand and grow to the north. The resource economy has always been one that has dealt with and related to First Nations not always in the most positive or generous of ways. That phenomenon is very much here in this room. I'm aware of the fact as I go around the room that suddenly people from infrastructure, trade unions that are working in infrastructure, companies that are building infrastructure, those who are interested in building roads and mining companies, all people who are engaged in this great and important sector in Canada, suddenly want to have my business card. Suddenly people want to talk to me and say, "How do I get a hold of you?" For me, it's a remarkable transformation in my life. There was a time when my mother wouldn't take my calls. So the idea now that people are very keen to talk to me is a novel experience.

The second factor was the one that the Royal Commission on Aboriginal People drew attention to in a dramatic way in its study, which is now 20 years old, but still, if I may say so, a study that every Canadian should read and learn and try to understand. It's the broadest assessment of the relationship between First Nations people and governments and other Canadians that we've ever had as a country, and unfortunately, like a lot of royal commissions, it was written and then put on a shelf. But the second huge factor, of course, is the migration, the dramatic change in demographics and change in population patterns that is happening in the country. Toronto is home to the largest Aboriginal community in the country. We don't think of it that way. It's not the self-image that Toronto has of itself, but that nevertheless is what Toronto is and what it has become. If you visit every northern community in this province, every northern community in the country, large cities in Western Canada, you'll know exactly what I'm talking about. There is a demographic revolution that is taking place in our cities that means that issues that we thought were somebody else's concern, or that we would never have to encounter as major issues of public policy, in fact are staring us right in the face. To be blunt, when 70 to 80 per cent of the prison population in a number of provinces is made up exclusively of First Nations and Indigenous people, we have an issue. We have something that we need to talk about. We have some realities that we need to confront as a country.

If you recall the video that greeted us as we came into the hall with lunch, you would have seen the classic pictures of how Canada expanded, how Canada grew with large trains going across and mines being opened up and parts of the country being transformed. But that history, if I may so, reflected in that video, fails to recognize a very simple and fundamental fact—those railways did not cross empty land, those mines were not opened in territory uninhabited by people, and in fact the entire expansion of the country, indeed the finding of the country by the first European explorers and then settlers, took place in a country that was already inhabited, that already had people speaking their own languages, raising their families, building economies, in numbers and sizes that our current awareness is suddenly making us realize to what extent there was a world in 1491. There were civilizations in 1491. There were governments in 1491. There were people in 1491. There were economies that all existed prior to the transformation of the world that we associate with the ridiculous expression, "The discovery of the Americas." Americas had already been discovered, for not just a few years, but for thousands of years. This encounter was not a happy one at the beginning. The arrival of European settlement meant the arrival of European disease, diseases that people were not ready to deal with, that almost wiped out a population.

In Canada's case, in the nineteenth century, the common expectation of those who were responsible for public policy was that the Aboriginal issue, or as they called it "the Indian issue," would be resolved by death and by assimilation. The same prime ministers and premiers, whom we admire for so many different reasons reflecting the public opinion of the majority of the day, had a classically colonial mentality or, if you like, imperial mentality when it came to the First Nations people they were encountering. Treaties were signed, not primarily as a sign of respect, but they were signed by governments, because they needed to confine the First Nations population. They needed to define and restrict the jurisdiction and ability of First Nations to make decisions. And we're dealing with that legacy today. Noble is quite right when he said that we can't change what's happened, and we can't undo or sort of pretend that it didn't happen. And we can't walk around saying, "Well, we take full responsibility for what happened." But what we can do is decide today how we're going to go forward, and on what basis is the relationship to be established, not only in Ontario, but right across the country. And of course, a lot has happened. We have, in fact, changed the relationships. We have begun to recognize the nature of the history.

In an extraordinary moment, the Prime Minister of Canada apologized to the First Nations, Métis and Inuit people for what had been done in the past, for the assimilating effort to take, "the Indian out of the child" and to attempt effectively to destroy a culture and a way of life. That apology was given and that apology was accepted. But like all apologies, it has to be followed by a change in behaviour. It isn't enough to say sorry. You have to demonstrate that in fact you understand the nature of the wrongs that have been committed.

We live now in an age of equality. We also live, and I say this very conscious of the presence of a former Chief Justice, in a time when Canadian, Canada's courts, since the Charter of Rights and Freedoms became the law of the land in 1982, have made it very clear that there is a fiduciary relationship between the Crown and First Nations, that there is a relationship that is based on equity as much as it is based on the common law, that is based on the broadest and most liberal interpretation of treaties as it is on the importance of accommodating and consulting and taking fully into account the interests of First Nations when it comes to economic change and economic development. To put it bluntly, the law today is not what it was thought to be 50 years ago or 100 years ago. The behaviour of companies and of governments that was acceptable 50 years ago or 100 years ago is simply not acceptable today.

The good news out of the challenge that we face today is that not only has the law changed, but from my experience, institutions have changed as well. Now I can tell you my clients would like to see even more change as time goes on, and would like to see even a greater openness to the partnership which I'm about to describe. But I think it's fair to say that there is a greater willingness to engage in discussions about this partnership across the country than there has ever been. From the signing of the Niska Treaty, which was an historic breakthrough in British Columbia, to the dramatic change in public policy in that province as a result of the leadership of Premier Campbell, to the treaties that have been signed, the land claims negotiations that have been arrived at in all of the territories, to the point now where we have shared management of resources, we have shared rights with respect to governance, we have a recognition of a deep and genuine partnership to the James Bay treaties which literally not only transformed the relationship between the Government of Quebec and the Cree Nation in Quebec, but also effectively over the last 30 years have transformed the economic lives of those people living in northern Quebec. But there is another James Bay Cree.

There is another James Bay community that lives not to the east of the border in Quebec but to the west. There is a contrast between the effects of a modern day treaty, that is based on respect and partnership and shared governance and a recognition of the economic stake that needs to be there for prosperity to be deeply embedded, and what we faced in the Province of Ontario, where the Treaty Number Nine was signed in 1905. It did not lead and has not led to the prosperity that we can see on the other side of the border.

So the challenge today is whether or not we're prepared as a nation and as a province to engage in a dialogue which is based on the principle of partnership. Noble mentioned the fact that one of the first things I said as premier was to recognize the importance of the inherent right to self-government. We as a government signed a document called the Statement of Relationship, in which we established that from the perspective of the government of Ontario we were prepared to talk to the First Nations of the province on a government-to-government basis, and were prepared to engage in a spirit of partnership. I'm not going to relive the history of the last 20 years except to say that that statement of relationship was not pursued by subsequent governments. Sometimes governments rely on what they think their legal rights are, what they believe the rights of the Crown to be, and we've lost, in my view, a lot of time, in this province, to really move forward with an agenda that will be marked by success.

We need to recognize the possibilities of partnership, but we also need to recognize that partnership is not simply an option. It is actually a necessity. It's a necessity because any other alternative to building this partnership will simply mean a flood of litigation, of conflict, of demonstration, of anger, of hostility, and of confrontation. I don't say this as a threat. I say it as a description of reality, that if people think that it's going to be possible to develop the Far North of this province or indeed the Far North of any province or indeed any traditional territories of the First Nations people of this country without a full and effective partnership with those First Nations, if you think it's going to be possible to do it, in my opinion you're sadly mistaken. I think governments realize this and I think the corporate sector realizes it as well. And I think everyone is struggling now to say, "Well, how do we do this? How does it get done? Are there frustrations?" Let me tell you that of course there are frustrations and there are difficulties. But think of it for a moment. In northwestern British Columbia, the Tahltan people signed an agreement which has allowed for the greatest expansion of mining development in the history of northwestern British Columbia. It has allowed for the electrification of the entire region, so that no community is without electricity or power, has allowed for training, has allowed for a flow of money and yes, of cash, that will benefit communities directly and that will ensure that those communities are direct economic beneficiaries of the prosperity that will then grow.

So it's not about saying, "Well the First Nations seem to be against development." No, that's not the issue. That's a misconstruction of the problem. The challenge is to realize that First Nations want to be effective partners in development. They want to be owners of part of the development. They want to have a stake in the infrastructure that many of you want to build. They want to be able to become the beneficiaries of the revenues that will flow to governments at Queen's Park and in Ottawa. I can't help resisting commenting today to say that it is, to me, deeply troubling that the two governments still can't agree on who's responsible for what. This is challenging for First Nations. It's also challenging for companies that are trying to do business. We need to create some certainty. But that certainty has to be based on dialogue and discussion, negotiation and the emergence of agreements that allow people to see what the rules of the game are. And if everybody thinks that the answer is just to run off to court, well, we can do that from time to time. I certainly know there are many lawyers who'd be keen to pursue that. But I still think negotiation is the better route, and negotiation and partnership are the better outcomes.

The partnership is not only economic, although there's a profound need for us to address the economic gap in development between First Nations communities and other communities. If you travel far north, 300 kilometres north of the high point of Lake Superior, you will fly into communities. You have to fly in because there are no year-round roads. There is no year-round access. There is no assurance of power. People are not connected to the grid. Housing is poor and bad and difficult. Education is a challenge. There are not only economic discrepancies, discrimination, a gap between the life that is led there and the life that is led elsewhere, but also social issues that have to be dealt with. The Oxycodone epidemic that's affected much of northern Ontario has had a dramatic effect on the wellbeing of the people and the wellbeing of children. There's a social discrimination that can't be allowed to continue.

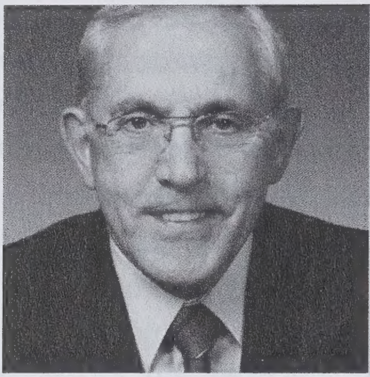
And finally, it is about self-government, because yes, the units of self-government need to change and need to be able to evolve. We're now engaged in the Matawa Tribal Council with a fascinating—and there are some members here so they'll know what I'm talking about— and challenging effort to bring people together to say, "What are the things we have in common and how can we move forward together in our discussions with governments, in our discussions with the corporate sector?" What are the things that First Nations do on their own? It's sort of like Canada, right? What can the province do? What can a municipality do? How can we get these things right? And so these challenges are there.

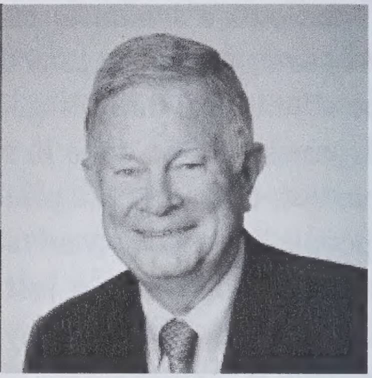
I want to conclude by saying there was one article in a newspaper a while ago on the Ring of Fire, which talked about the fact that this was a development that was in the middle of nowhere. The Ring of Fire is not in the middle of nowhere. It's in the middle of somewhere. It's in the middle of a traditional territory of people who have been living there and working there and raising their families there and dying there for thousands of years. The fact that the reporter saw it as sort of saying, "Well it's somewhere north of Steeles, so it's got to be the middle of nowhere," is a reflection of a cultural attitude that has to change, because it reflects a lack of understanding of the challenge that we face.

Matawa has asked for roads not just for mining companies, but roads for people, so that people can actually go from one part of the province to another. They can be connected by a road, so they can be connected by electricity, so they can be connected by broadband, so their children will have exactly the same access to information, exactly the same access to education, as anyone else would have. We want to be part of this province. We want in. We don't want out. We want to be part of the development, but we also want to have a say in how that development happens. We want to be able to say that it's going to be sustainable, and that the development will be done in such a way that it protects the land and protects the water and protects the inheritance which First Nations people have. They want to do it in a way that ensures that they will directly benefit, not just in this generation, but in future generations, from the prosperity that needs to be shared.

It's a big agenda. It is not an easy one and there will be many bumps along the road. But as I said, partnership is not one option among others. Partnership is the only option that serves everyone's interest—the interest of governments, the interest of companies, and the interest of First Nations. A partnership that's based on respect, a partnership that's based on understanding, and a partnership that's based on a profound shared commitment to the values and the interests of the entire country, of the entire province, and yes, of our home and native land. Miigwetch. Thank you very much.

The appreciation of the meeting was expressed by Patrick Dillon, Business Manager, Provincial Building and Construction Trades Council of Ontario.





December 3, 2013

The Hon. Bob Chiarelli

Minister of Energy

David McFadden

Chair International, and Partner, Gowlings LLP

LONG-TERM ENERGY PLAN UNPLUGGED: A BEHIND THE SCENES LIVE INTERVIEW WITH MINISTER CHIARELLI

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Al Wiley, Vice-President, Development, Nextera Energy Canada, and Director, Ontario Energy Association; Jamie Milner, Vice-President, Market Development and Customer Care, Enbridge Gas Distribution Inc.; The Hon. David Peterson, Chairman, Cassels Brock & Blackwell LLP, and Former Premier of Ontario; Cathy Sprague, Executive Vice- President, Human Resources, Bruce Power; Tom Mitchell, President and CEO, Ontario Power Generation Inc.; Kent Emerson, Director of Operations, Office of the Hon. Charles Sousa, Ontario's Minister of Finance; George Vegh, Counsel, McCarthy Tetrault LLP, and Director, Ontario Energy Association; Peter Novotny, Head, North America, Photon Energy; M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Tim Smitheman, Manager, Government and Public Relations, Samsung Renewable Energy Inc., and Director, The Empire Club of Canada; Brian Bentz, President and CEO, Powerstream Inc., and Past Chair and Current Director, Ontario Energy Association; Kevin Kelly, Chief Financial Officer, Bruce Power; Steve Baker, President, Union Gas Limited, and Chair, Ontario Energy Association; and Mel Ydreos, Interim President and CEO, Ontario Energy Association.

Introduction by Noble Chummar

Today's speech is about electricity. Our ability to harness and distribute electricity is arguably one of the greatest human discoveries of modern time. As the old saying goes, "Necessity is the mother of invention." Our modern and electrified world has evolved from actual and metaphorical darkness only a few generations ago. Now, electricity is the mother of invention. Electricity illuminates light bulbs, but it is also the source of diplomacy, infrastructure, communication and agriculture. Quite simply put, electricity is now intertwined with the basic necessities of life. It was at this very podium at the Empire Club in 1907 that Sir Sanford Fleming described electricity as the magical discovery that has forever changed humanity. Mankind looked to the skies and harnessed the awesome power that defines modernity. The Empire Club is indeed honoured to host this luncheon with the Ontario Energy Association (OEA) that represents the entire energy sector in our province. Thanks in part to governments and to membership in the OEA, Ontario has emerged as one of the most energy-efficient economies in the world. To introduce our guest speaker today, please welcome Mr. Mel Ydreos, acting president of the OEA, to introduce our guest.

Introduction by Mel Ydreos

Well, good afternoon, everyone. It's a real delight to be here in partnership with the Empire Club on what is sure to be a most interesting discussion with Minister Chiarelli, led by David McFadden. In a room full of energy experts, I don't need to tell you why we're here. This is very timely. But before we get into the discussion about Long-Term Energy Performance (LTEP), it's video time again. As many of you know, last week Mr. Chiarelli launched Empower Me, a Web site designed to help consumers better understand how Ontario's electricity system works. For those of you who may not have checked it out, mark this down:

Ontario.ca/empower me. Here's a quick video on how electricity is made. Can you play the video, please?

A video is shown.

Electricity powers our homes, our businesses and our communities. We can't see it, but we know it's there. To understand electricity, let's take a closer look at how it's made. About 200 years ago, a man named Michael Faraday discovered how to make an electric current using a metal coil and a magnet. Most of today's electricity is still made exactly this way, but to generate enough electricity for a province the size of Ontario, we need to move big magnets around a wire. This is done with a turbine. The force to turn this turbine could come from wind, water, hot gasses, or steam. You can spin a turbine with a natural force like hydro, that's water, or wind. You can burn natural gas directly in a combustion turbine. The hot expanding gasses are used to make it turn. This is essentially the same way jet aircraft are powered. You can also burn natural gas or oil to boil water and use the resulting steam to make it turn. Or you can boil water using heat from a nuclear reaction, which also produces steam to turn the turbine. Different energy sources, but all essentially the same result. Solar power is the only one that's different. Instead, it converts sunlight into electricity using solar panels. The photons in a ray of sunlight hit the panel and get converted into an electric current. Hydro, wind, natural gas, nuclear and solar. Here in Ontario we use all of these forms of electricity to power our province. And that's what we call generation. To learn more about how you can save energy, save money and how Ontario is building clean energy, visit Ontario.ca/empower me. Tell us what you think. Follow us on Twitter.

End of video.

Minister, congratulations to you and your staff for launching a very informative and timely Web site, and I encourage all of you to spread the word. If you go on the site, it's got a lot of really, really simple but very, very valuable information to help customers better understand our very complex energy system. It's been less than 24 hours since they released the Long-Term Energy Plan, and like many of you I have spent a fair bit of time poring through the document. I know many of us have questions for the minister, who has graciously put himself before us today to face the inquisition. I will say that the OEA is very pleased with what we saw in the Long-Term Energy Plan. We feel it strikes a balance between ensuring Ontario's electricity system delivers reliability through flexibility, while also tackling affordability of electricity rates to consumers. This move was one of the key recommendations in the OEA's LTEP submission to the government. We look forward, Minister, to working with you and your ministry as we implement the Long-Term Energy Plan.

It's now my distinct pleasure to introduce our featured guest. Slightly less than a year ago, our next speaker became the subject of intense scrutiny, interest and anticipation. As Ontario's Minister of Energy, Bob Chiarelli has quite literally jumped from the frying pan into the fire. I think we can admit as a sector we're not the easiest stakeholders to deal with. Sometimes dealing with my colleagues in the sector reminds me of a Mark Twain quote: "In all matters of opinion, our adversaries are insane."

But despite the challenging nature of our industry, the minister has made a valiant effort to reach out. We in the sector believe strongly that successful energy policy is created in partnership with industry. I can think of no better example of this than the LTEP document. While the rubber will only hit the road with implementation, I know from speaking to our members that we're all pleased to see the government is moving in the right direction. But the minister hasn't been limiting his outreach to the energy sector. No, indeed. The last few weeks he has been busy soliciting pictures of Ontarians' mo's or moustaches via Twitter, so he could pick the best to make a donation in honour of Movember. While he wasn't clear on his selection criteria, the minister did make a donation to a gentleman who had a moustache that actually looks suspiciously like the one I used to sport. He described it as bigger, bolder and bushier than ever. Unfortunately, I did not get to participate in Movember this year, but minister, if you're planning to donate again next year, I have two words for you: challenge accepted. Ladies and gentlemen, please join me in welcoming our featured guest, the Honourable Bob Chiarelli.

As our interviewer for today's speaker series, we welcome our very own 2013 OEA leader of the year—David McFadden. David is a partner and chair of the International Group at Gowlings. His leadership in the energy industry has been exceptional. He is a friend and mentor to many of us and has been a strong proponent of the energy sector for the last 30 years. David is also no stranger to Ontario politics. In the mid-eighties, he was elected as the MPP for the riding of Eglinton, which also happened to be a minority government. This history gives him a unique understanding of the political climate we're facing in Ontario today. Ladies and gentlemen, please join me in a round of applause welcoming the minister and David to the stage.

David McFadden

Thank you very much, Mel, and Minister, welcome. I notice the title of the event today is the "Long-Term Energy Plan Unplugged." But what I'm hoping is that, by the end of the comments by the minister today, we'll all be plugged in on exactly what's expected on the energy plan. As Mel said, the plan only came out yesterday, almost exactly 24 hours ago. And I'll tell you, it says something for the minister that he's here, within a day, so soon, to share his thoughts in terms of what was on the government's mind in developing the plan and what's really in the plan. Could we start off with a question? You did a lot of consulting before this plan was prepared across the province.

You went out, and your ministry staff went out. What was it you heard from the general public, from the energy industry and other industries on what should be in the plan?

Bob Chiarelli

Well, there were some common threads. First of all, one issue that came up regularly was affordability, both in the industrial sector and with ratepayers. Another question that came up, a very, very important issue for the industry, was that they wanted an energy policy that was predictable and sustainable. It's very difficult, for example, for people in the renewable industry, solar for example, to not know when the next procurement is going to take place, whether it's going to take place in four months, six months, or maybe we're going to have a moratorium on it. So we were very, very determined to create policies which were sustainable and predictable.

The other thing that we heard on a regular basis was flexibility. The sector is so dynamic now. There are so many exciting things happening in storage, in conservation, in demand response that we wanted to move forward with a plan, but we had to be able to adjust it as we go. So in order to solve that problem, we came up with the concept, and that was part of the plan of having an annual energy report that would be produced by the Independent Electricity System Operator (IESO) and the Ontario Power Authority, defining where we are with supply and demand, and what we've had to do collectively—all of our government agencies, the ministry and the sector—to keep ourselves whole and to respond to the dynamics that are happening.

I'm very excited about the energy sector and I got more excited as I got into it. Particularly, what we're seeing now is a tremendous interface between information technology and the energy sector. We're seeing demand response programs that require sophisticated software. We're seeing a company in Ottawa, Solantro, that is using software, creating a much more efficient converter for solar. You can go on and on and on with storage and smart grid and how to manage the system. We're going to be, I think, changing for the positive very, very quickly in a similar way to what we're seeing in the communications business with cell phones and other technology sectors. So we want to be flexible. That was one of the things that we heard.

Another thing that we heard was a tremendous respect for Aboriginal communities—First Nation and Métis communities. There's a real willingness on the part of the sector to partner economic development. They realize that that's the way to go. It's a respectful thing to do. It makes good business sense. And so we have seen now in the last three or four years an unbelievable acceleration of First Nation and Métis communities partnering and investing and participating in the energy sector. We're very pleased to see it and we will continue to encourage it.

David McFadden

You have actually answered about half of my questions already. The minister's a very easy guy to interview, I should tell you. I suppose one of the big elephants in the room is energy pricing.

Bob Chiarelli

Yes.

David McFadden

You mentioned that consumers raise that with you. Needless to say, it's all in the media. If you read the media in the last 24 hours, you'd think all the plan had in it were price signals. I wonder if you can address the issue of energy pricing, electricity pricing in Ontario, and how you see the plan dealing with that issue.

Bob Chiarelli

We're going to start communicating better with the public. Their understanding of the electricity system is when they get their bill and if their lights go out. Everything else is between; they don't know a lot about it. They're starting to become conversant in conservation in a fairly significant way, but we need to communicate to the public how complex the sector is and we've got to try to simplify it for them, so they will understand pricing. In the media in the last 24 hours, the only issues that have come up, not even industrial/commercial pricing, were pricing for residential people and the on-bill energy products that we can generate. Those were the only two areas that came up really from the media. So we have a lot of work to do. Tonight I'm meeting with the CEOs and the board chairs of our agencies, Ontario Power Generation (OPG), IESO, etc. I have asked some people in the industry privately to come up with the idea of an energy education trust, where we can collectively get together and fund the type of communications that are necessary for people to understand the sector. They have a lot of challenges understanding it. Just by way of example, I was out of politics for three and a half, four years, before I came back in a by-election and I was on the board of the IESO. In casual conversation people would say, "What are you doing?" And I'd say, "Well, I'm doing some consulting work at the University of Ottawa and I'm on the board of IESO." I'm talking to people who are well networked, most of them well educated. They have no idea what it is. They have no idea what it is to manage the system. So we collectively have to do better to engage them, especially now that we're creating tools that they're going to be able to use—smart metres with peaksaver, with on-bill financing. There are a whole series of things, microFIT, for example. So we have these new products and these new directions and the more people understand it, the more they'll understand pricing, and the more they'll understand how they can control their pricing.

David McFadden

One question on pricing is that over the years we've had projections, various projections from different agencies. Unfortunately they tended not to get it right and it's undermined to some extent the credibility of the industry with the consumer. Are you pretty satisfied that the new projections have taken into account some of the shortcomings of the past and be a little more accurate in the next little while?

Bob Chiarelli

I'm satisfied that they're as good as we're going to get. That's the reason why we're going to an annual energy report, because the system is changing very quickly. You can have recession; you can have boom. You can have new technologies. You can have renewables coming into the system. There are a lot of changes. And so we have to fire with a rifle, not a shotgun, in the energy sector. That's one of the policies underlying the plan that we have.

David McFadden

Moving on from pricing to conservation, page one of the report talks about conservation first, and that is repeated over and over again in the plan. Perhaps you might want to share with this audience as well as the folks on television what exactly you mean and what the government means by conservation first.

Bob Chiarelli

Well, we're talking about what is known traditionally as conservation, but we throw in with that demand management, demand response, and storage, because they're new. Conservation is not new but the others are newer and becoming much more sophisticated. And so, it's very important that we make every effort to solve our energy requirements other than through generation. Generation is extremely expensive. There's a long wait time to get it up and running for certain particular types of it. So if we can, if we have a requirement hypothetically for 500 megawatts, if we can create that on a permanent basis through conservation, demand management, demand response and/or storage, that's the way we should be going, because it's less expensive than generation. It also, incidentally, is much more efficient.

David McFadden

You've raised generation. Let's have a brief chat about that, because obviously a lot of people sitting here in this room have got a vital interest in that. Could we start off with nuclear? Nuclear in many ways is the workhorse of the Ontario electricity sector. Certainly that combined, I suppose, with water power. And right now, over 50 per cent of electricity consumed in Ontario comes from nuclear power. You've already announced previously that new build may not be in the offing. And I wonder if you could just go through what is in the plan for nuclear and where you see this whole industry going in Ontario. This is really a made-in-Ontario industry in many ways.

Bob Chiarelli

The new nuclear is being deferred indefinitely for a number of reasons because of a reduction in demand. And demand comes from a number of reasons. It's a more efficient service. There's more conservation. There's more demand management. The economy is changing significantly in Ontario. There used to be a lot more manufacturing base, high-intensity consumption. Unfortunately RIM is having some problems, but we will use them as an example of creating jobs—eleven, twelve thousand jobs, most of them here in Ontario—that are very, very low energy intensive. If you look at what we used to call the high-tech capital of Canada, Ottawa, it has a huge, huge IT sector. If you look at Markham, Mississauga, you see a lot of it. There's the entertainment business, movie-making, that has made huge investments in employment in Ontario. And they're not energy intensive, so we don't have the same demand. In 2010, we had in that plan new nuclear. Now it's indefinitely deferred. And we are 100-per-cent committed to nuclear as being our base load moving forward. It's still going to be close to 50 per cent. It'll be in the forties. In order to sustain that, we've announced as part of our Long-Term Energy Plan that we're going to refurbish the Darlington units and the Bruce units. And we've announced that we're starting with one Bruce unit and one Darlington unit, starting the actual work of refurbishment, we hope, in 2016. So we're very excited about it. The reaction from the public is very, very positive. Ontarians like nuclear, and they like the fact that we're going to stay with nuclear as our base load.

David McFadden

One question to follow from that is the future of CANDU technology. If you don't do any new build in Canada, there is the risk of perhaps that particular technology being sun-setted. It doesn't mean the nuclear industry is over with, but I'm just curious about what your feeling is about the future of CANDU technology and where you see that going. That's again another Ontario based industry. But where does it go from here in light of this do you think?

Bob Chiarelli

I'm very disappointed, and I know a lot of other people are disappointed, in the federal government's handling of nuclear. They basically off-loaded it. They gave it away, in my opinion. I mean, there was a price paid, but what they gave away was a tremendous opportunity for Canada; for international trade to keep Ottawa, to keep Canada and Ontario in particular, in the forefront of the nuclear industry. We believe that there is now a significant international component to the nuclear energy sector in Ontario. There's a lot of work being done on maintenance, equipment. There will be refurbishment work internationally. We are so well known internationally that the U.K., for example, is moving forward with new nuclear. They've come over here to Ontario. They're trying to attract our best engineers. They're trying to generate partners, who can help them move forward with their nuclear. In terms of new nuclear, we have France and the U.K., some South American countries, and some Eastern European countries, who are still moving to new nuclear. So there's a huge market. I would like to, in the foreseeable future, see our nuclear sector reach out internationally. There are a lot of jurisdictions that appreciate our nuclear. There are some that appreciate our energy expertise and efficiency outside nuclear on how to manage and operate a system. There's a very large Asian country that visited with our ministry a month or two ago, wanting to create businessto- business with Ontario businesses and Ontario agencies in terms of helping them with the efficiency of the system. They have a lot of brownouts. They don't have the same software and the same management we do in operating the system. So there is tremendous opportunity around the world, not only for nuclear but for energy across the board. I'm hoping that I can make that become a priority in the sector, working with the stakeholders in the sector.

David McFadden

I'm wondering if we can switch from nuclear to natural gas. Over the last 10 years, natural gas has grown to be a very significant source of energy for Ontario. It hasn't been without its issues. As we know, plants have been relocated and some controversy has been created around that. But nevertheless, natural gas has really come on strongly in this province. Where do you see it going now over the next planning period, the next five, 10 years?

Bob Chiarelli

Well, I see it increasing and having a very important role in the energy sector. My perspective is, if you go across Ontario and you actually do a count of the number of residences and businesses who are consuming gas and/or oil every single day, and we're not a big producer of gas or oil, then you'll realize we need transmission. We need pipelines. And so, for people to say they're against pipelines, it's to say they're against the economy and they're against basically a good quality of life, because everybody's using it and everybody needs it. So we have to be respectful of the oil and gas industry. We also believe we have economic opportunities in oil and gas for technology. With our universities, our research, our innovation, there's a lot of opportunity. Alberta is feeling somewhat sheepish or guilty about the energy sector. It has actually made some very goodwill gestures to Ontario. Albertans met with people in my ministry and with me to see how they can engage us in the oil and gas industry from a technological point-of-view, from a business point-of-view. We recognize that there's economic development there as it expands and Ontario will be part of it.

David McFadden

One thing I did notice. For the people in smaller towns in northern Ontario, the provision in the plan to connect more gas infrastructure into rural and northern communities was certainly well received. What kind of timing do you see on that, because would certainly be well received by a lot of people I know?

Bob Chiarelli

Well, a lot of that is up to the private sector, the distribution companies in Ontario. We certainly would be happy to facilitate that in any way we can. In the Far North, northwestern Ontario for example, we're going to certainly move forward with more electricity for First Nations. There are seven or eight First Nation communities who will be well served by the North of Dryden Plan that is now on the OPA Web site. We'll be investing about $2.2 billion in northwestern Ontario, predominantly in transmission. But we will be moving that into First Nation communities. It's a sad situation that we as a country, federally and provincially, have not been able to address those issues sooner, but it's a priority for this government. The OPA has it as a priority, and we're moving forward. If there's any way we can accommodate more gas, and that can take different forms as well, we're more than happy to sit down with the gas sector and try to facilitate those solutions.

David McFadden

We seem to be on one after another. Let's go to renewables—wind, solar, and everything to do with it. Where do you stand on this? I know that there's been some change in the government's plan on the rollout of renewables. Where are we moving on the renewable front over the next while?

Bob Chiarelli

There's not much change in renewables in terms of siting, etc. We can talk about that. In terms of renewables, by 2025 we're predicting that renewables will be 50 per cent of our electricity. We had projected in the 2010 Long-Term Energy Plan 10,700 megawatts by 2014, I believe. We didn't meet that target, so we are maintaining that procurement target. We're going to finish it. Up to 2021, we'll have the 10,700 megawatts in and we'll go beyond that. Certainly there have been some challenges, particularly with respect to wind and siting. We have taken some very significant steps. We've taken large fit, out-of-the-fit program and the OPA has done a lot of work, a lot of consultation. They're still wrapping up a new procurement process for wind, which will pretty well ensure that it will be very difficult for an energy proponent to win a contract unless they have a significant engagement with the municipality. There's no veto. We believe a veto will be negative for the system under certain circumstances, but certainly the overwhelming number of large renewables will have an engagement with the municipality.

David McFadden

Let's shift off generation to innovation. You mentioned that at the outset. As you know, Minister, I'm the former Chair of the Ontario Centre of Excellence. And we launched the Centre for Excellence a number of years ago. It's done some really excellent work. I think it was very attractive that the plan talked about innovation. Could you talk a little more? You mentioned the smart grid fund, but how do you see the role of innovation in Ontario being part of the answer? Clearly in other industries, such as the telecom sector, innovation has revolutionized that sector. Where do you see us going in terms of the energy sector?

Bob Chiarelli

I think IT will revolutionize the energy sector and it's on its way. There are a lot of people in the IT sector who are aware of that now and they're starting to go into it. I mentioned Solantro, which is in Ottawa. That company is a start-up company. It was started up by Antoine Paquin and he did some other start-ups in the IT sector. He went down to California. He came back to Ottawa, and he started Solantro using IT technology to build a better inverter for solar. If you look at Temporal Power, they've got a flywheel, which is storage, which is an improvement over a lot of the storage that's available. When we visited that site and they opened the panel of the flywheel, it's alltechnology. It's all technology-driven. If you look at the demand response in terms of aggregating and getting the IESO to gets its systems in harmony with all these aggregated contracts, it's all IT, or a lot of it is IT, information technology. So I see that accelerating at a rapid pace, the way technology has done in other sectors. There are a lot more brains in technology, and a lot more start-ups now in demand management, demand response, and storage. That's another thing that's going to push the demand down and with less requirement for new generation in the future.

David McFadden

I remember about 12 years ago or a little more, there was talk of convergence between gas and electricity, which never actually occurred. It may be that what we're seeing is the convergence of IT and energy.

Bob Chiarelli

I believe it's smart grid and how things are heading. I think it's a fact of life. We went to Ryerson University for the green button launch. It was actually initiated in the U.S., but we have probably more capacity to do it in Ontario because of the smart metres. With the green button, you can go on your iPhone and connect with the Web site of your LDC, your utility, and you can push a green button and download, either in your iPhone or in your computer, all the information that's in your own smart metre in your residence. We have a competition going on now, which we started at Ryerson with financial rewards for people to create apps. So hypothetically, to use a flippant example I guess, David

Peterson could be down in Florida on vacation and he wants to know what's happening back home or with his grandchildren. He can go on his iPhone and he can see what the consumption is in the residence. He knows whether there's a party going on or whether they're not attending to turning off the lights and turning down some of the appliances. There are a lot of apps that are going to be coming out. A number of apps have been created in all the other sectors—sports apps, shopping apps, you name it. There will be a whole pile of energy apps that will be coming out. So the IT sector has arrived. It's here to stay, and it's flourishing in the energy sector.

David McFadden

I don't know if those Ryerson students have thought of the impact of what they're investing on their life. Their parents will be able to keep track of them in a way that never happened before.

Bob Chiarelli

They're doing this in a little enterprise centre, a digital enterprise centre at Ryerson. I forget the official name of it.

David McFadden

The DMZ.

Bob Chiarelli

I spoke to some of the students. They create corporations as students and they create apps. And they're making money on them. They're creating intellectual property. I talked to some. There were these three young women students who were in one of these corporations and they had big smiles on their faces. They're paying their way through university by creating apps in the actual courses they're taking. So that's also a change in education. There's a lot more entrepreneurial initiative in education.

David McFadden

Sounds like better than a summer job, anyway.

Bob Chiarelli

It sure is.

David McFadden

One thing you were describing was the Ontario Energy Report. There's a lot of paper out on this industry, as you well know. I mean the IESO has reports out, the OPA has reports out, the OEB has reports. We have reports on reports. How is this new report going to be better than this plethora? Is it going to eliminate a lot of the other reports and will this be the bible? How do you see this evolving in terms of reports? We've got a lot of them. There's a load of paper around.

Bob Chiarelli

It will be the mandate of these two agencies to create a report that is usable and practicable and correct for the industry. We know where we are on supply and we know where we are on demand. We know what the trends are, what the innovations are, and where the sector is going. I think it's very timely, given the nature of the innovation and changes that are going through the sector.

David McFadden

One thing you probably wouldn't be surprised if I ask you about is local distribution companies (LDCs). I think the distribution network in Ontario is undervalued. Its reach-out to consumers is tremendous. What role do you see LDCs playing in terms of this whole energy plan and how should they be dealing with it? There seems to be a real role there.

Bob Chiarelli

I was the shareholder representative of an LDC, Hydro Ottawa, for six years when I was the mayor of the City of Ottawa. I learned then that there was a certain amount of frustration in the LDC sector. It was like a racehorse that was being held back. They had a lot of ideas for innovation, for move, for change, etc. and they felt they were somewhat in a straitjacket on what conservation programs they could do and innovations they wanted to do. As part of the consultation in this Long-Term Energy Plan, we consulted very closely with LDCs. In fact, we designated a senior person to go and speak with the CEO and/or chair of every LDC across the province to find out where they feel they could go to add more value to the system. And we also spoke about these issues with other stakeholders in the sector.

One of the follow-ups of this plan is actually to provide more avenues for innovation and participation in conservation. It may very well be that the on-bill financing will be administered by the LDCs moving forward or utilities moving forward. They will also have more leeway. We have some details to work out with the Ontario Energy Board. I don't know if Rosemarie Leclair is here. We're not doing anything behind your back, Rosemarie. We really feel that we can move forward with LDCs. The LDCs are closest to the customer. If you're talking about on-bill financing, they're the closest. If you're talking about conservation, it's on the ground.

Let's take peaksaver PLUS, for example. There was a study that was in the Toronto Star that was released on the first results of peaksaver PLUS. I'll explain what this is in a moment, but there's an average saving on your electricity bill of nine per cent. This is a monitor and new types of thermostats that Toronto Hydro or Hydro Ottawa would put into your residence free of charge, as long as you do the plan with them. You can save nine per cent on your energy costs. This study has shown that that's the result after one year. So I am saying to every person if this is televised or is going out, call up Toronto Hydro, call up Ottawa Hydro and say, "I want peaksaver PLUS." It will be delivered to your door, you'll have it and you'll be able to save on your energy costs. So when we're talking about pressure on prices, we're making decisions to put pressure on prices coming down. We're taking $70 billion out in the next 20 years, so prices will be mitigated. But in addition to that, we have to create tools for people to take control of their electricity prices. Peaksaver PLUS is new technology. It's smart metres. Smart metres are unbelievable technology. The IESO spent three years working with IBM on a major, major IT contract. When it was supposed to arrive, it arrived, and it's one of the best assets that we have among all the energy sectors across North America.

David McFadden

Bob, our time's almost up. Could I ask you one question just before we leave? What are the next two or three steps you're going to take to implement this plan? What do you see as the next two or three critical steps that you're going to take, the ministry's going to take?

Bob Chiarelli

Well, I think there are critical steps for every major component of the plan. If you're talking about nuclear refurbishment, we've got to do the procurement, and we've got to move forward. And Bruce and OPG now know that it's a go-ahead. The refurbishments are going to start. If you're talking about large renewables, then we're going to be doing the new procurement. And that new procurement is probably going to be available before the end of the first quarter of 2014. If you're talking about storage, our smart grid fund, we hope we can renew it in the next budget. We've had two rounds of it, $25 million each. There are people in the sector operating here in Ontario creating new technology in Ontario. So we want to incent them to do more on storage. Demand response, the same thing. So with every element of that plan there is a next specific step moving forward.

David McFadden

Thank you very much, Minister.

Bob Chiarelli

My pleasure.

David McFadden

I hope everybody here in this room and on television agree that you're more plugged into the LTEP than you were at the start.

Thank you Bob for being with us and being here so rapidly after the plan was released.

Bob Chiarelli

David, it's a pleasure. Thank you.

The appreciation of the meeting was expressed by Ms. Cathy Sprague, Executive Vice-President, Human Resources, Bruce Power.

December 5, 2013

D.J. Schneeweiss

Consul General of Israel in Toronto and Western Canada

NAVIGATING THE MIDDLE EAST UPHEAVAL: HOW ISRAEL IS MEETING THE CHALLENGES AND OPPORTUNITIES OF A CHANGING WORLD

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

John Koopman, Partner, Spencer Stuart, and Director, The Empire Club of Canada; Jaxson Khan, Student, University of Western Ontario; Captain Rabbi Lazer Danzinger, Assistant Division Chaplain, 4th Canadian Division HQ/Joint Task Force Central HQ; Moshe Ronen, Vice-President of the World Jewish Congress, and Head, Centre for Israel and Jewish Affair's Development Committee; Bruce Leboff, Vice-President, Risk Management, Glusken Sheff + Associates Inc.; Verity Sylvester, Director, CV Management, and Past President, The Empire Club of Canada; Jo Schneeweiss; and Edward Sonshine, CEO, Riocan Real Estate Investment Trust.

Introduction by Noble Chummar

Today's speech is about geopolitics. It's about a region on our planet that has seen centuries of change. It's a region for many people where modern history begins. In 1970, at this very podium stood Captain James Lovell, and he is the guy who was on Apollo 13 and he is the guy who famously said, "Houston we have a problem." He was at this podium and he said a very profound statement about life on our planet. He said, "As viewed from space, global unity is the most striking characteristic of planet Earth. We see its cloud systems encircling our world, their beauty startling against the great void where no artificial barriers of national boundaries can be seen. The land areas are only bounded by seas and oceans, and together with the atmosphere and sun, they interact as an ecological unit." If we are to maintain the earth as a livable dwelling place for mankind, we must learn to view it as a whole. We must understand that our existence depends on the delicate balance of nature and that this balance includes not only all of mankind, but all living things.

The Middle East is a vague geographic area that describes a region in Western Asia, somewhere east of Eastern Europe, west of East Asia, north-east of Central Africa and south of Central Asia. Determining where the Middle East is located is a challenge in itself. The jewel of the Middle East is Israel, a relatively new nation with thousands of years of history. Modern Israel is the home of innovation, culture and promise. It is a thriving and stable democracy situated in a troubled region. Israelis are highly educated, tolerant and keenly aware of the world around them. Israel is a rich country with archaeological treasures, unparalleled natural beauty and a thriving economy.

Mr. Schneeweiss was born in Sydney, Australia. I met him earlier today and I said, "Man, I've never really met an Israeli guy before yourself. You sound like you're Australian." He has a master's degree from the Hebrew University in Jerusalem and joined the Israeli foreign ministry thereafter. He served as a policy advisor to two foreign ministers including Ehud Barak and was the press secretary for the Israeli mission in London, England. Until his recent appointment to Canada, he served as the Deputy Ambassador to China. He is here to address the Empire Club of Canada on the challenges Israel is facing around the world and, in particular, the Middle East. Please welcome the Consul General of Israel, Mr. D.J. Schneeweiss.

D.J. Schneeweiss

Good afternoon. Thank you very much, Mr. President for that kind introduction and thank you to the audience for being here and for that very warm ovation. It's a pity my parents couldn't be here to hear that because my father would have enjoyed it, and my mother would have believed that you were celebrating something. As far as we've been able to ascertain, this is the first occasion that an Israeli diplomat has spoken at the Empire Club since Ambassador Mordechai Shalev in 1976. I don't know if his speech was so bad that you didn't want another Israeli back, or it was so good you didn't want us to outshine your other speakers. All I can say is that it's been too long. Thank you for the invitation to speak here. I also want to thank Eddie Sonshine of RioCan and Bruce Leboff of Gluskin Sheff for their sponsorship making today's event possible. Their support of Israel, the dedication to the partnership between our two countries and their personal friendship, are all a source of great encouragement and strength.

Ladies and gentlemen, Israel today is a paradox—a country faced by unprecedented threats and challenges, yet safer and more full of promise than at any time in its history. On the one hand, the Middle East has entered a period of turmoil and chronic instability, which is challenging the fundamental underpinnings of our strategic environment. Add to this the nuclear ambitions of Iran and the threat of Tehran's missiles and those of her proxies and the view from Jerusalem looks stark indeed. Yet, at the same time, our tiny state is displaying strengths and capacities that continue to propel it to the forefront of global achievement and to offer us the opportunity of greater international integration, acceptance and relevance than we have ever known. Canada's connection and involvement in that story will be the endpoint of my talk today, but first let's look at the challenges facing Israel, Jerusalem's inbox if you like.

The Middle East is in a state of turmoil and tumult, the likes of which have not been seen in generations. In its first blush, the Arab Awakening represented a clear shift in a power balance between the rulers and the ruled, where fear prevailed for decades and suddenly it was gone. The masses were on the streets, and the leaders were on the defensive. This shift in the internal balance of power within the Arab world seemed to promise a new dawn and a quick, popular march towards democracy. With Syria leading the charge, however, what we are seeing now is a reversal of that trend; a reassertion of power by the traditional leadership, which leaves the story very much in flux.

At a more fundamental, structural level, what we are seeing in the Arab world are clear trends, which point to a crumbling of the nation's state model, superimposed on the region by the Western powers a century ago. Today, the much longer-standing ethnic and religious cleavages, which historically defined the region, are once again coming to the fore, placing the existing state structures under profound challenge. As a result, we see little to suggest that democracy or even anything remotely approaching it is likely to flourish in the Middle East any time soon. There is popular desire for change and freedom but very limited ability or desire amongst key political actors to accommodate it and to allow the full gamut of values and institutions that are necessary for democracy to actually take root. Without these things, the hopes and dreams embodied in the concept of the Arab Spring, so-called, will continue to not just be elusive, but impossible to realize and instead will become a volatile and unpredictable power struggle that may last generations. Israel is most definitely and demonstrably not the eye of this Arab storm. The events of recent years within the Arab world have proved that we are not the story, but we do lie very much in the path of destruction that the storm may wreak. Added to this volatile mix, we also face the nuclear and attended hegemonic ambitions of the repressive terrorist- sponsoring regime in Iran. Tehran's relentless drive towards nuclear weapons brought the international community to adopt six Security Council resolutions condemning Iran's actions and imposing biting sanctions.

It is the combination of these sanctions and a credible military threat that recently brought Iran to the negotiating table and we in Israel take pride in the responsible role that we have played alongside the U.S and other likeminded countries, including Canada, throughout this long and arduous process. Having come so far, having brought Tehran to begin to seek a way out of this stranglehold of the sanctions, Israel believes that the interim deal reached in Geneva is a mistake through its de facto recognition of an Iranian right to enrich uranium, the core of the Iranian military nuclear program and a right, I might add, that no other nation on Earth has ever demanded or received. Through allowing Iran to keep its centrifuges intact, and maintain other components of its military programs such as warheads and ballistic capabilities, and through affording sanctions relief that reverses the very psychological and economic momentum that brought Iran to the negotiating table in the first place, and that needs to be in place in order to keep Iran there, we believe that the Geneva deal weakens the positions of the P5+1 in future negotiations towards a comprehensive deal. Iran continues to pose a grave threat to regional and global security and peace. And now the challenge we face, one that too often goes unnoticed, unreported and unaddressed, is the ongoing vilification of Israel and the Jewish people in the Arab and Muslim world.

Consistent reports by the Anti-Defamation League (ADL) in the United States and others have logged thousands of anti-Semitic and anti-Israel cartoons and articles in the Arab media. Meanwhile, online and in some universities hate speech and vilification of Israel and the Jewish people repeatedly goes unchecked. Put simply, minds are being poisoned, particularly Arab and Muslim minds intentionally and consistently in ways, which severely undercut our ability to forge normal and peaceful relations with our neighbours and others around the world.

I come now to the Palestinian issue. Israel has sought to live in peace and coexistence with our Palestinian neighbours from the outset. In 1947, when the UN voted to partition the British mandate into two states, one Jewish, one Arab, we said, “Yes.” The Arabs states said, “No” and launched a war to destroy us. In the many decades since, particularly in the 20 years since Oslo, we have made repeated offers of territorial compromise, we have withdrawn from territories, we have removed ourselves from governing the daily lives of Palestinians, recognized the need for a Palestinian state and more. But we continue to come up empty handed. Many ordinary Palestinians no doubt yearn, as we do, for the simple blessings of peace. No doubt, many of Israel's actions have impacted negatively and left Palestinians feeling victimized or worse. But it is a simple and undeniable fact that this conflict began long before a single Israeli community was established in the West Bank. This conflict began with the Arab world's refusal to accept our very right to exist.

In the words of a notable Nobel Peace Prize laureate, "The people of Israel have the right to know that their national existence is not at stake." That seems to me to be fundamental. "Efforts to bring peace and all its benefits," this Nobel prize laureate continues, "and to bring peace and all its benefits to the Middle East would be of no avail, unless Israel and the people of Israel are released from the overhanging fear, which naturally envelopes the country as a result of the threats of destruction and the political and economic warfare directed against it." That quote is not from Menachem Begin or Anwar Sadat or President Carter in 1979, and it's not from Prime Minister Rabin or Foreign Minister Peres in 1994, nor is it a quote from Barack Obama in 2008/2009. These were the words of a certain Lester B. Pearson, at the time foreign affairs minister of Canada, in the House of Commons in Ottawa on January 24, 1956. Today, there is simply too much evidence that the same core of the conflict, of which Pearson spoke of, continues to dominate the Palestinian consciousness and political program. The glorification of terrorists, the consistent denial of any Jewish history in, or connection to, the Holy Land, the unwavering demand for a so-called right to flood Israel even after the Palestinian state was established with the descendants of the Palestinian refugees, create the very wars of aggression against us. All these continue to serve as profound obstacles to the peace we seek.

Ladies and gentlemen, put all this together and you have a neighbourhood that is neither stable, nor predictable, nor easily manageable, nor, from an Israeli perspective, particularly peaceable. Danger lurks, our inbox is full. So what are the policy take-homes? What is Israel doing in response to these challenges? With regards to the turmoil in the Arab world, caution is the name of the game. In a region likely to remain in flux for years, if not decades, Israel will be even more cautious than ever in assessing the threats around it, while always remaining ready to seize new diplomatic opportunities. Outsiders' promises and wishful thinking will not be allowed to substitute for realistic assessments and our own efforts to deter any misguided adventurousness on the part of our neighbours. Regarding Iran, Israel will continue to work with the United States and other likeminded states and countries to ensure that the diplomatic effort to end Iran's military nuclear program achieves the necessary goal. John Kerry is in Israel today as we speak on this issue and others. The precedent of North Korea and the time the international community took to act against severe human rights' violations and aggression in places like Rwanda and Yugoslavia teach us that freezing the situation is not enough. We need to rollback and dismantle Iran's enrichment capacity and dual uranium and plutonium tracks. Our common interest is not just ensuring Iran doesn't have military nuclear weapons now, it is to prevent Iran from having the capacity ever to build such weapons. We believe in and support a negotiated settlement; one that ends the threat, not one that perpetuates it.

On the issue of anti-Semitism, on hate, incitement, and so on, Israel will continue to be vigilant and to lobby for greater vigilance on the part of others. The 20th century teaches us nothing if not the need to respect the power of bad ideas and the need to confront them. I am pleased to acknowledge the leadership of Canada on these issues. Canada has understood, perhaps better than any other international actor, how the scourge of anti-Semitism and anti-Zionism undermines fundamental Western values and core interests. Ottawa's principled stand on these issues is the truest expression, not only of Canada's current interests, but also of this country's long-standing and principled foreign policy heritage. As regards the Palestinian issue, the policy take-home is simple. Israel will continue to negotiate with the Palestinian leadership in order to reach a fair agreement, one that allows them to realize their legitimate national aspirations, while also safeguarding ours. We are ready for Palestinian statehood and for territorial compromise, which will resolve the issue of the settlements. But we also insist the Palestinians recognize our own inalienable national rights and abandon any further claims on our country. We insist that they educate their people that their imagined right of return does not exist in theory and will not take place in practice and also to agree to secure the arrangements that will safeguard the political accord that we seek. Settlements are not the only issue, security in Palestinian reconciliation with who we are and what our rights are, are equally crucial and speaking these truths to the world and to the Palestinians is not to undermine peace, it is to advance it. There's an old Jewish story told of the wife who complains to her husband late one night, "Howie," she says, "shut the window, it's cold outside." To which Howie responds, "No, and if I close it, will it get any warmer?"

There is something very fundamental to the Israeli experience in this little nugget. It's always cold outside, so to speak, and so too in this era and as the joke suggests, we can't easily change that. But our story isn't only about what's on the outside. When you lift up the hood and take a look inside Israel at what makes us tick, what you see is a people of spirit, of determination and inventiveness, passion and commitment, with a national ethos of never giving up and always seeking new and better ways to get the job done; a people with a creativity, vitality and energy that any enterprise would want to patent and cultivate. With these human qualities and the strengths we have built in partnership with our many friends, for all the dangers that lurk, Israel today is better off than it has ever been. In security terms, we have not faced a regular army in battle since 1973. Having convinced our adversaries that defeating us through traditional warfare is impossible, our peace treaties with Egypt and Jordan remain strong for all the instability and challenge they have come under. We have largely overcome the challenge of Palestinian terrorism for the moment, through a mix of deterrent and defensive measures and diplomatic initiatives. We have successfully developed a cutting-edge, three-tiered missile defence system, which offers an effective response to the missile threat posed by Hezbollah and others. Meanwhile, in economic and diplomatic terms, Israel is more integrated than ever in the global economy and the international system, more able not only to look after its citizens and realize their dreams of a better more prosperous future, but also more able to make a tangible and recognized contribution to global wellbeing.

To give you just a few recent examples, Israel joined the OECD in 2010, joining the ranks of the world's leading economies. Israel is the only non-European member of the EU's flagship—Horizon 2020 R&D framework—having been welcomed into the program in 1996 and invited back every time since. Just this week, Israel rejoined the Human Rights Council, having successfully been admitted into the West European and others group and negotiated a significant reduction in that body's "biased and discriminatory approach towards us." Those, by the way, are not my words. They are the words of UN Secretary General Ban Ki-moon. On another UN front, the General Assembly, this past Tuesday passed an Israeli initiated resolution, adopted by a majority of 138 countries, promoting agricultural technology for development.

Israel's record in terms of disaster assistance and international development aid is also noteworthy. Our emergency medical teams are consistently among the first on the ground in disaster situations anywhere in the world. Mashav, our national aid agency, has trained 270,000 people and provided international assistance to over 140 countries.

Meanwhile, Israel's technological prowess has become legendary. We are ranked top in the world by the World Economic

Forum for the quality of our scientific research institutions and fourth over all for our innovative capacity. Our innovation system is admired and studied around the world, and Israeli developed technologies, as everybody knows, are continuing to transform computing, medicine, telecoms, agriculture, energy, water, cyber security and a myriad other industries as well. Today, more than 250 multinational companies maintain research and development centres in Israel and 80 of these companies are Fortune 500 members. I could go on and on.

These diverse achievements have not come easy, nor is it ever full of smooth sailing. But that's the point. Despite the difficulties, despite the noisy clamouring of those who wish us ill or those who only see Israel in caricature as a one-dimensional creation that has no life outside its role as the villain in the never-ending Palestinian saga, the reality is that we are recognized by elite decision makers around the world to be more interesting and more relevant to their own success than ever before, which brings me then to the heart of my remarks here today—the Canada-Israel relationship and how we can carry it forward.

As you know, Israel's eight million souls live in a territory that would fit pretty comfortably in the slither of territory of Canada between Toronto and Ottawa. I served in China for three years and my ambassador used to sort of lean over to his Chinese counterparts and whisper to them, "You know that China and Israel together make up one-third of the world's population." We could do the same about the world's geography. Canada and Israel together are huge. But if you stop to think just for a moment, you realize that for all the difference in size, Canada and Israel have a lot more in common and a greater affinity than is realized or spoken of. The friendship, which ties our two nations together, is founded on the bedrock of shared democratic values and institutions. Both countries are a magnet to immigrants and have benefited greatly from the infusion of new populations and energies. We are both very globally minded, keenly aware that our national wellbeing requires markets and opportunities and friendly structures way beyond our own borders. With our recent oil and gas discoveries, Israel is now an energy producer like Canada, another line of commonality. We also share different but parallel challenges in resolving with our neighbours exactly how to get that energy to market. Indeed from its very inception, Israel was understood in Canada to be a likeminded state, one which shares Canada's values and interests and one in whose existence, security and vitality Canada itself has an abiding interest.

A piece of history not often remembered is that Canada was one of the key midwives in securing Israel's birth, having played a pivotal role in securing passage to the UN for the 1947 Partition Plan. Through the six and a half decades since, at times of war and during times of stalemate and real peacemaking, Canada's governments and people of every political stripe, except the most radical fringes, have stood by Israel, recognized its fundamental right to peace and security, and worked responsibly within the UN and beyond to help Israel achieve its worthy objectives. We appreciate that deeply.

Central to this dynamic has been Canada's phenomenal Jewish community, which serves as a bridge between the two societies and a central driver of our respective successes. Captain Danziger mentioned earlier the festivalof Hanukah to everybody here. For the Festival of Lights for this week in our weekly Torah portion and Chag Sameach we will read the story of how Joseph reconciled with his brother. The Jewish community of Canada, with many of its leaders here today and I thank them for their presence, is a light, a beacon of tolerance and of communal responsibility. A light and a beacon, which make this society great and help us make our society great too. The bilateral friendship that has developed through these years continues to manifest itself in burgeoning economic, scientific, medical, cultural, political, defence, juridical, agricultural and trade ties between the two countries.

At the national level, the Harper government has taken our ties to an unprecedented level of closeness and exchange. We are committed and keen to work with the government to take those ties even higher. Prime Minister Harper has announced he will be travelling to the region in January and both sides are now working intensively to ensure his visit brings concrete outcomes that will carry the bilateral relationship to new heights.

At the provincial and local levels too, we are seeing real interest in forging closer ties. This year alone we expect to host in Israel at least two premiers and various mayors, each bringing business delegations with them just as Ontario Minister of Economic Development, Eric Hoskins, did just recently. We're also seeing great interest in Israel from the leadership of Canada's top universities. A formal deal to enhance cooperation was signed last July. There are real synergies and opportunities here and real benefits that can and will accrue across many fields—energy, security, media, education, innovation, global governance and more. There is also an affinity of values of experience. At a recent dinner here in Toronto, former prime minister Paul Martin spoke glowingly of the similarities he sees between our societies and how we address the issue of inclusiveness. All that said, the Canada-Israel relationship is not where it should be. Bilateral trade was less than $1.5 billion in 2012, far from its potential. The number of Canadian tourists to Israel hit an all-time high of 75,000 last year, but it's still nowhere near its potential. The number of Canadian students using opportunities to study in Israel's world-renowned universities is tiny. Firms are not even fully utilizing the funds government has made available for R&D collaboration.

On November 25, just a couple of weeks ago, the Israeli company, PrimeSense was purchased by Apple for the princely sum of $350 million. This makes it the thirteenth Israeli high-tech company to be acquired by foreign investors in 2013. Why isn't Canada getting a greater piece of this seriously nutritious pie? Fully two-thirds of the 250 foreign companies I mentioned earlier who maintain R&D centres in Israel are American companies. Where is Canada in this mix? Where are the investments, the acquisitions, the strategic push to plug into one of the world's most dynamic and creative economies? Not where it should be. So what do we need to do?

In terms of business investment and trade at the government level, we need to update and expand the free trade agreement, something both governments have committed to do. Minister Ed Fast is due in Israel even before the prime minister to pursue this. More trade delegations and the greater presence on the ground in Israel will also help Canadian industry identify and act upon opportunities much more readily than it can today. The interests of the City of Vaughan in establishing a representative office in Israel is showing the way here. Canadian companies looking to gain market advantage through technology and innovation should utilize the various government-backed R&D funds that we have set up and they should also take a much closer look at the NASDAQ and other exchanges where established Israeli companies and new IPOs are consistently creating value for shareholders. We need paths to look into ways of leveraging the intense and robust U.S.-Israel science and technology relationship. The close ties we both enjoy with the U.S. should make this possible. There is no doubt also that great mutual advantage is to be gained from Canadian investment and involvement in Israel's nascent energy stream. Our need for Canadian expertise, experience, and capacities offers concrete opportunities that have yet to be realized. There's value to be found also in exploring synergies that build upon Canada's ethnic diversity, to bring Canada into the burgeoning technology partnerships that Israel is building with Third World countries such as India, something we are working on with local community partners here in Toronto.

Similarly in terms of global development and international affairs, Canada and Israel can do much more to extract and leverage the latent value of our shared agendas and respective strengths.

Closer coordination between CIDA, Canada's international aid agency and Mashav will see us both enhance our impact on developing countries. We can ensure further academic upgrades in student exchanges and collaboration in the sciences and higher education. Closer diplomatic coordination will also bring benefits in important areas such as counter-terrorism. At the bottom line, there are no losers here—only winners. The more we invest in richer exchanges and interaction between us, the more we will all get along.

Mr. President, from its inception, Israel has sought to anchor itself in the international system in both the hardware of institutions and the more fluid software of values, ideas and solutions. This strategy serves to protect against the many dangers and threats we face and as a platform for making our own constructive contribution to the international community. Israel is and always has been a much greater story than the chronicle of our relations with our neighbours. Today, Israel continues to refuse to be limited by what those around us do or think. Our Zionistic thoughts won't let us be passive, but rather impel us always to act upon history, to work to realize our highest aspirations, our highest Jewish and democratic aspirations and ideas, and it is precisely these qualities,this drive, which makes us so relevant to Canada.

As likeminded, peace-loving, democratic nations wedded to values and institutions, which guarantee and safeguard our freedoms, Israel and Canada share many profound security, political, and diplomatic interests, and as nations whose economic success is directly linked to maintaining our respective competitive edges, it is bordering on negligent if we don't work harder to harness the synergies and opportunities that reside in the strengths that we both bring to the table. Canada's prime minister observed just this past Sunday that Israel and Canada share the same values and face the same threats. He is absolutely right. I believe we can all agree that our two societies also share many, many unrealized opportunities to enrich and strengthen each other and in doing so, help fashion a better world for us all.

Thank you.

The appreciation of the meeting was expressed by Verity Sylvester, Director, CV Management, and Past President, The Empire Club of Canada.

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December 12, 2013

The Hon. David C. Onley

Lieutenant-Governor of Ontario

ANNUAL CHRISTMAS LUNCHEON—PUTTING THE HUMAN BACK IN HUMANITARIANISM

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Owner and Vice-President, Mr. Discount Ltd., and Director, The Empire Club of Canada; Ruth Ann Onley; Doug Morris, President, Morris Glass and Windows, and Director, The Empire Club of Canada; Dr. Frederic Jackman, President, Invicta Investments Incorporated, Chairman, Jackman Foundation, and Past President, The Empire Club of Canada; Rajendra Kothari, Managing Partner, Greater Toronto Area, Pricewaterhouse Coopers LLP; Matthew Rowe, Manager, Operations and Partnerships, Prince's Charities Canada; Ted Griffith, President, The Fixers Communications Group Inc., and 2nd Vice-President, The Empire Club of Canada; and Amanda Sherrington, President and CEO, Prince's Charities Canada.

Introduction by Noble Chummar

The Honourable David C. Onley was appointed Ontario's 28th lieutenant-governor following a distinguished career as a broadcaster. His Honour has championed disability issues for many years and served as Chair of the Government of Ontario's Accessibility Standards Advisory Council. As a first Ontario lieutenant-governor with a physical disability, his Honour has adopted accessibility as the overarching theme of his mandate. He has defined accessibility as that which enables people to achieve their full potential, and believes that true accessibility occurs when disabled people can fully participate in the social, cultural and economic life of Ontario.

Because accessibility includes equal access to opportunities like education, his Honour is expanding the Aboriginal youth literacy programs to include computer literacy. He is also the colonel of the 25th Field Ambulance, he is the recipient of the Rick Hansen Award of Excellence and has received 11 honorary degrees. When I told someone today that I was introducing the Lieutenant-Governor of Ontario, they asked me, "Why would left-handed people need a governor?"

That was the joke that didn't go so well. Ladies and gentlemen, please welcome the Honourable David C. Onley, Lieutenant- Governor of Ontario.

David Onley

Thank you very much, Noble. Good afternoon ladies and gentlemen, honoured guests. I am delighted to be here today. It's wonderful to see familiar faces in the audience and to meet new people that I have not met before. It's always great when my brother Richard is here. He is the Vice-President of Finance at Nipissing University and does my taxes and so far I am still not in jail. My son, Robert, and his friend, Natasha, are here as well. This is always great to see. My friend, Ken Fredeen from Deloitte, who was the chair of the federal panel assessing disability in the workplace in terms of career and job opportunities, is here. I will be touching on the federal report at leastbriefly in my remarks. During the introduction it was mentioned that I was a member of the provincial government's Accessibility Advisory Council. One of my colleagues from that original council is here today. He is from OCAD University. What a remarkable job and treasure OCAD is and as far as Toronto and Ontario are concerned, it is really leading the way in some very, very creative initiatives related to accessibility and so, as I prepare to leave office sometime in 2014, I hope I am going to be able, in a more public way, to bang the OCAD drum because it certainly is deserving of greater awareness on the part of the general public.

I am also very privileged to have found myself at the head table today with such distinguished guests as were introduced a few moments ago and I do look forward to the presentation of this year's Empire Club Community Service Award. A wise person once said, "It is good to have an end to journey toward, but it is the journey that matters in the end." That is a pertinent quote for me because sometime in the next number of months my journey as lieutenant-governor of Ontario will come to an end.

I find myself looking back on what has been a long and eventful road since my installation in 2007 and one of the first major addresses I gave as lieutenant-governor was in fact at this dinner in 2007. In particular, I have been able to reflect on many extraordinary events and on the people that Ruth Ann and I have met, who, in the line of the theme of this year's luncheon, have put the human back in humanitarianism.

First and foremost, among these is of course Her Majesty the Queen and you would probably expect me to say that given my role as her representative in the province. But many years went by before such a possibility even existed, because nobody ever wakes up one morning and turns to their wife or their husband or spouse and simply says, "You know honey, I think someday I would like to be lieutenant-governor." That's just not part of the career plan equation for the vast majority of people.

My first memory of the Queen goes back to her visit in 1959 to Toronto where a group of young children, boys in particular, were in wheelchairs at Kew Beach. The late Conn Smythe at that time was leading the charge along with Harold Ballard and Bob Rumble to create what would become the Ontario Crippled Children's Centre a few years later. This eventually would morph into the fine institution that we have today—Bloorview Kids. He was accompanying the Queen on her walk and it was a blistering humid 89 degrees Fahrenheit. Even down at Kew Beach it was unbelievably hot; in fact I recall quite vividly, while the Mounties stood and not one of them keeled over, a U.S. marine unfortunately keeled over. My grandfather who was British insisted that since I was to be reviewed by the Queen I should be properly attired, so I was wearing a dark wool blazer and I think also a wool shirt and maybe wool underwear. It was very, very hot and all the other children were quite sensibly dressed in short sleeved, cotton, open-necked shirts.

When the Queen came on her walkabout, the photographers of the Globe and Mail, The Star and the Telegram all happened to snap a picture within split seconds of each other, and you can guess who was the one kid that stood out with the Queen on the front page of the Star, the Telegram and the Globe. That became a definitive picture in our families' collection over the years.

Some five decades later, after I had that first little brush with Her Majesty, I discovered why the other boys and myself were there in the first place. I had never really thought it through. "Why was the Queen reviewing a group of what were then called 'crippled kids'"?

The Queen was the public figure to bring people with disabilities into the foreground during her walkabouts. Maybe some of you have memories of this, but her father, King George VI, laid the seeds for this practice during the Second World War when he used to visit wounded veterans, who were out of public view in the hospitals and nursing homes. But it was Her Majesty who built on this initiative by including not just wounded veterans, but anyone who had a disability.

Right near the beginning of my term, we had a visit from Prince Edward, the Earl of Wessex, and I showed him the picture from the Toronto Star. I thought he would get a bit of a chuckle out of it, but it was intriguing to me that instead of particularly smiling or laughing, he immediately turned it to a fairly serious issue when he said, "I recall asking my mother as a young boy why do we do this? Why are there people in wheelchairs and crutches in the front row when you do your walkabouts?" The Queen then said to him, "I want everyone to see that those who live with disabilities are people too."

A couple of years later when the Queen had her official visit here to Toronto in 2010, we were able to spend a brief time talking about that very policy and that very process that she began. I thanked her for being the forerunner in terms of awareness related to disability. She was gracious in her acceptance of that praise. Throughout her long reign, the Queen has adapted to the times, granting patronage to many hundreds of charitable projects and initiatives. Her children have followed her example and her grandchildren are doing so now, many of them becoming involved in a hands-on way that·she cannot.

The Prince of Wales' charitable activities are so numerous that they were eventually brought together as the Prince's Charities Canada here and I am sure His Royal Highness has taken a personal interest in every one of them. His younger son, Prince Harry, like a dashing young prince of legends, sometimes takes the concept of handson a little bit too far perhaps, but in the most positive sense. This week for instance he is braving the perils of record-low temperatures in the Antarctic to draw attention to the plight of wounded soldiers.

Her Majesty's precedent has also been followed by her representatives here in Canada at both the federal and provincial level. When I became lieutenant-governor, I had the examples of those who had preceded me to inspire me. Each had set their own stamp on the office, humanizing the relatively rigid protocol and procedural requirements of the vice regal role in their own way. For example, one of my recent predecessors, the late Hon. Lincoln Alexander, made youth and education the key areas of his term of office. The Hon. Hal Jackman's focus was on the arts, history and national unity and since leaving office he has continued his support of the arts; and like his brother Eric, who is with us here today, is a generous benefactor of the University of Toronto. My immediate predecessor, the Hon. James Bartleman, advanced many causes, especially that of Aboriginal youth. Mrs.

Hillary Weston advanced the cause of volunteerism and when Mr. Bartleman took office as the first Aboriginal to be a lieutenant-governor he was appalled by the third-world conditions of First Nation reserves in Ontario's Far North. Because of that, he implemented a series of Aboriginal youth literacy initiatives that were touched on very briefly in my introduction.

When I became the Queen's representative, one of the first things I had to determine was the focus of my term of office. I had known from the outset it was going to be accessibility, because I was certainly aware that I would become the first lieutenant-governor with a physical disability. I wanted to be as encompassing as I possibly could, so I adopted the concept of accessibility as the theme as opposed to disability rights, which is a bygone term and in fact was first enunciated by another lieutenant- governor, John Black Aird, who preceded Lincoln Alexander. So I came up with a definition of accessibility as "that which enables people to achieve their full potential," and the reason I came up with that definition was that I wanted people to see that accessibility was about far more than just things like automatic doors, curb cuts and this wonderful and accessible ramp that has enabled me to take the scooter up on to the podium here. I wanted them to see that it was much more than that. I wanted them to see that it was a matter of people achieving their full potential.

That is why during my term as lieutenant-governor I have been involved in a number of areas that transcend politics and speak to the Canadian respect for inclusiveness above and beyond the issues of accessibility. They include advancing literacy among young Aboriginal people and hosting forums at Lieutenant-Governor's Suite for Aboriginal and non-Aboriginals alike, as a follow through to the Truth and Reconciliation Commissions chaired by Justice Sinclair. We have had five such round tables at the Lieutenant-Governor's Suite leading to all sorts of new relationships between people in the south and people in the north, Aboriginal and non-Aboriginal. Perhaps one of the most exciting ones was between Kobo e-book reader people and other advocates of Aboriginal issues in Toronto leading to the distribution of 3,500 fully-loaded Kobo readers to young teenage Aboriginals here in the city of Toronto.

The other goal that I'd set out to achieve was enhancing the relevance of the Crown in the lives of Ontarians through links between my office and community events and anniversaries and linking us with several different organizations. We had conversations with Amanda Sherrington and her colleagues at the Prince's Charities Canada. So many of the projects are complementary to the projects of the lieutenant-governor and I am pleased to say over the last couple of years we have formed a strong and growing alliance.

While I promote accessibility in all of its forms, I have been especially troubled by one key area—the obstacles that prevent people with disabilities from achieving their full potential and specifically the attitudinal barriers that keep disabled people out of the work force.

Let me give you some statistics that are unshakeable. During the worst year of the Great Depression, the national unemployment rate reached an unthinkable 24 per cent. Putting this into perspective in terms of the downturn of 2008 and the recession that occurred, we were never anywhere close to that number and that was the bottom of the Great Depression. Yet today, the unemployment rate for people with disabilities who are educated, able and willing to work is over 25 per cent. This does not include those who have given up looking or have settled for much lower paying, part-time or contract jobs and when they are included, the unemployment rate hovers around the 50-per-cent mark. So for people with disabilities, it is not a Great Depression; it is a perpetual depression. It just hasn't changed, notwithstanding the ramps, notwithstanding the curb cuts, notwithstanding the automatic doors, and notwithstanding the work of all sorts of dedicated groups.

The main cause remains the belief in a series of myths about people with disabilities as employees, which is why I have taken this as my main topic. One of the studies in fact that disproves the myth was done by Deloitte, another was done by Compass Research. Both of them were done completely separately, a year apart, using different parameters reaching out to different groups, yet the common denominator was speaking to employers who did and did not hire people with disabilities. Of those who did not hire people with disabilities, the common concept was they felt that they couldn't justify the hiring of a person with disabilities because the absenteeism rate would be higher, the job retention rate would be lower, and there was a far greater chance of WSIB claims, injuries on the job. With employers who do hire people with disabilities what was found to be the case was the exact opposite. The job retention rate was higher, often times much higher. The absenteeism rate was lower, amongst the lowest, and WSIB claims were insignificant in comparison to able-bodied employees. This was a part of a federal report. A federal panel went across the country and talked to employers who hired people with disabilities to get life stories and to flush out the statistics.

We will turn to a gentleman who is a friend of mine, Mark Wafer, who owns not one, not two, but seven Tim Hortons outlets. He is a very wealthy man. I asked him how he made his millions of dollars and he said, "One cup of coffee at a time." Mark Wafer over the last 15 years has hired a series of disabled people with a whole range of disabilities from invisible conditions to physical problems. Not just in starter positions, not just in the lowest level, but in positions ranging right up to and including manager of the facility. He tells me that the turnover rate for able-bodied employees is 14 months on average and it costs four thousand dollars every time a new employee has to be hired. The turnover rate for people with disabilities is seven years. Do the math. The absenteeism rate is lower with people with disabilities and the number of claims, WSIB claims, of the 80 disabled people who have worked there over the 15 years has been zero. Now there is a reason for this. If you are a disabled person like myself, who uses long leg braces, a cane, a scooter or some other device to get around, and you see something on the upper shelf, the one thing you don't do is get a swivel chair and say, "I'll get it for you." That's an ablebodied response. As a result, you see what happens. Those are some of the statistics. That's from a Tim Hortons outlet, but as the different studies have shown, the Deloitte White Paper on Disabilities and the Compass research paper and then the federal panel report, simply put, disabled people make great employees. In terms of Mark Wafer, his stores happen to be amongst the very, very best in all of Canada, which is why a number of the other Tim Hortons outlets are copying what he is doing and which is why Tim Hortons as an institution, as a corporation, is in fact reassessing and redirecting their hiring programs.

I give these speeches and I quote these statistics and I give these examples because I want people to become familiar with the single reason to hire people with disabilities. I would like to remind potential employers that when you do this, you will probably feel good and you have done the right thing. Your family will think better of you in all likelihood. A charitable organization recognizing what you have accomplished, may in fact give you an award. But there is only one real reason to do this and it is this— it makes good business sense. You don't have to hire the person because it's the right thing to do, you don't have to hire the person because it makes you feel good and you don't have to hire the person because you are going to receive some sort of recognition. You hire the person for the same reason that Mark Wafer hires them and why he is bumping up from 15 per cent of his work force to over 20 per cent of his work force. You do it to make more money because it's profitable. That's the reason to hire people with disabilities.

There is a myth out there today that there is a labour shortage in Ontario and a labour shortage in Canada, which is nonsense. There is no labour shortage per se. There are, however, 795,000 adult Canadians, who are able to work, who want to work, but can't get jobs. Because of that, they are living on government assistance, typically at the rate of $14,000 a year, meaning a life of poverty. Virtually every single person in this room is a taxpayer and we are paying for those people to remain in poverty, while other people turn around and say that there is a labour shortage. Of the 795,000, 340,000 are recent college/university graduates and they can't work, because they are not hired. They are able to work, they are trained to work, they have college diplomas, they have university degrees and they are sitting at home, right now, at home on government assistance, being kept there with our money quite frankly. Government is slowly beginning to recognize this. The Francis Report on Social Services for the Province of Ontario recognizes, as do we all, the government is effectively tapped out at all levels and that it's increasingly difficult to continue these payment programs. There is only one solution—to get the people who want to work, are able to work, who are better profit centres if you will, hired. The process, though, requires education such as speeches like this one and it requires studies, such as the one that Ken Fredeen led on behalf of the federal government. It requires other studies, it requires initiatives such as those being undertaken by OCAD University, in terms of assessing the whole complex area of disabilities. It takes, first and foremost, people like yourselves, who are in a position to hire and are willing to learn more of how to do it and what it will mean for your company.

In countless speeches over the years, I have given the following example. Supposing after today's lunch that you have to go back to work and your boss has given you a very unusual assignment. You are to interview four people for a position. There is a restriction on the process though—you can't ask who they are, you can't identify them, and you can only see them from the waist down. So if you interviewed the first person and rejected hiring him for your company only because he had an artificial leg, you might have missed hiring Terry Fox. If you rejected hiring the man in the wheelchair, only because he was in a wheelchair, you might have missed hiring Rick Hansen. If you rejected hiring the woman in the racing wheelchair, who by the way was fluently bilingual, you might have missed hiring the greatest Paralympian athlete Canada has ever produced, Chantal Petitclerc. If you did not hire the man in the powered wheelchair who could not speak for himself and thus depended on a computer voice box to answer his questions, and did not hire him only because of those reasons, then you may not have hired the person considered to be, today, on the planet Earth, the most intelligent person of all, Dr. Stephen Hawking. Then you could go back to your boss and then you could try to explain why you didn't hire Terry Fox, Rick Hansen, Chantal Petitclerc, or Dr. Stephen Hawking. Then you could collect your own pink slip. You could try to understand that maybe your own negotiating skills were not the best and maybe you needed to brush up on your own job skills.

Those are fictional examples but I can tell you that every single day in this country a range of disabled people get rejected because of that first impression. I like to ask people when they meet someone with a disability for the first time, "What is it that you see? Do you see the disability or do you see the ability within"? We all like to say, "No, I don't see the disability; I see the ability within." We like to say it because it makes us feel good; it's a warm answer and we think it's probably the answer the questionnaire wants us to give. We all know it's not true. We all see the disability. There is nothing wrong with that, as long as we don't allow that first impression to be a value judgment on the potential of that person.

There was a time in this country and it wasn't that long ago that women could not vote. There was a time when women were not in any position of managerial or executive responsibility. I thought of this yesterday when I read the headline that General Motors' new CEO is a woman, and her creative design awareness has led to a tremendous rejuvenation of General Motors' traditionally staid designs. But there was a time when women were kept in clerical positions. Then somebody said, "This is wrong." It was a man actually. Many women did say it but someone in an executive position said, "This is wrong," and he didn't do a study and he didn't do a survey. He did not create a focus group; he started to hire and started to move women up the ladder. There was a day in this country when people of colour had no position of responsibility in the boardrooms or in the executive decision-making calls, until somebody said, "This is wrong, and they didn't do a survey and they didn't do a study and they didn't convene a focus group. What they started to do was look for, reach out, and find the most qualified person, who happened to be of colour. Now the same can apply to virtually every other minority group that has struggled for rights in our society over the last number of years. We could refer to areas of sexual orientation, of other ethnic groups, of Aboriginals. At some point each and every one of these groups was met by a decision maker who said, "This is wrong," and they didn't do a focus group, they didn't do a study, they didn't do a survey. They simply started to hire based on ability.

Well there's one and only one group left and the biggest part of the problem is our definitions. We refer in all of our attitudes related to minority groups as women, ethnic, immigrants, Aboriginals, LGBT and the disabled. Well there is no "the disabled." There's men and women who are able-bodied or disabled; there are black people who are able-bodied and blacks who are disabled, there are Aboriginals who are able-bodied and disabled; there are gay men and women who are able and disabled. We are us; we are them; there is no them; there is no they; it's all us.

So, as we look to the future, we as a society have a real choice to make. There is a crossroads I believe. The minority group of disabled people are the largest minority in our culture—15.5 per cent are disabled in today's Ontario, half of whom have invisible disabilities. The other half has visible disabilities. It's a significant statistic, but when we take into account the immediate family members of those people, us, what is the percentage? It's over 53 per cent of our entire population. If I asked for a show of hands right now, as to which people had a disability either visible or invisible, or have a family member, an immediate family member, more than half would put their hands in the air. That's the Ontario we live in today and yet that unemployment rate is still the nut that has to be cracked.

I do not believe that full economic recovery is possible in Canada or Ontario until and unless that issue is finally addressed. So those have been the themes that I have been working on as lieutenant-governor over the last six years. As my term comes to an end, I know that I am going to be moving into the business world. I am going to be moving into academia. I don't know exactly where, exactly what. Those decisions haven't been made, but I would just leave you with the message I brought here today and ask you to examine what is going on in your company. Do you have 15 per cent of your work force with disabled people? If you don't, you are not making enough money. You are missing out on profits and that's enough of a reason I would suggest, whether you are reporting to the board, the treasurer or if you are the CEO wanting to talk to your treasurer or your head of HR wondering why you are not at the 15-per-cent mark. Things can change and will change for the better.

For both Ruth Ann and myself, it has been an absolute honour over the past six years to be in this position. It has been a real pleasure to speak to so many of you over the years because many of you have been in other audiences I have attended. I know that great progress has been made in so many different directions related to accessibility. We are so much further ahead than we were six years ago. There is still a way to go, but in the meantime, I would like to take this opportunity to wish you all a very, very Merry Christmas and a very happy New Year. I hope most, if not all, of you will be able to attend the New Year's Day Levee at Queen's Park on January 1 at noon, and I will be able to meet you personally at that time. In the meantime, in the name of the Queen and on behalf of the people of Ontario, I wish you all a very Merry Christmas, a very happy New Year and thank you to the Empire Club for inviting me to return to speak. Thank you.

The appreciation of the meeting was expressed by M.J. Perry, Owner and Vice-President, Mr. Discount Ltd., and Director, The Empire Club of Canada.

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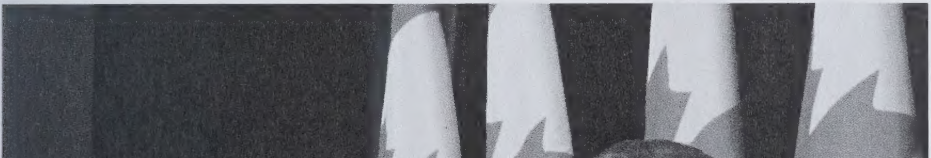
Speaker/Event: The Hon David C. Onley, December 12, 2013

Speaker/Event: The Hon David C. Onley, December 12, 2013

Speaker/Event: Rick Waugh, September 5, 2013



Speaker/Event: Brenda Halloran, Dan Mathieson, John G. Jung, September 19, 2013

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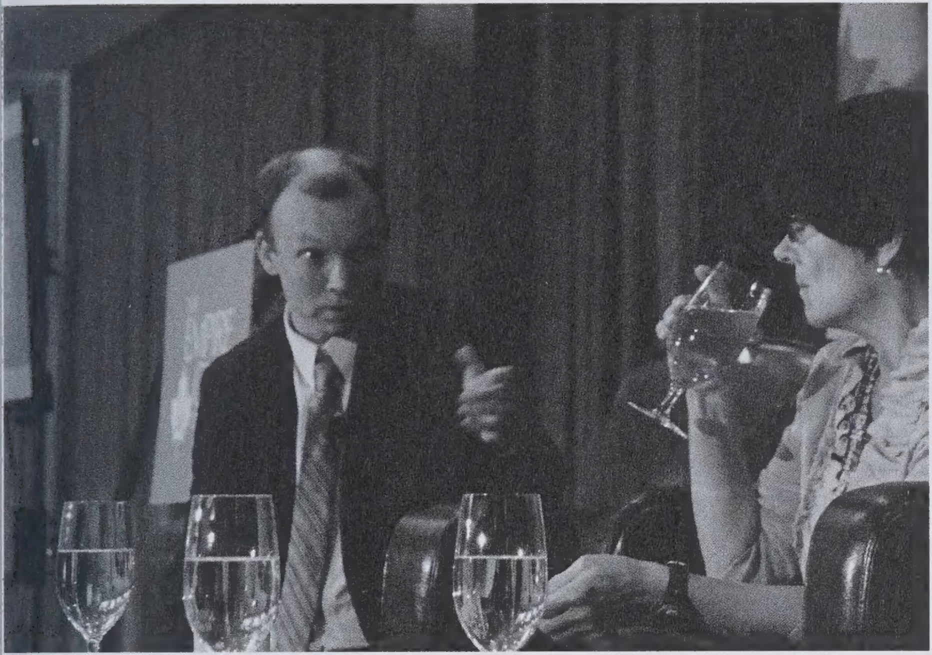

Speaker/Event: Edward Keenan, Christie Blatchford, Kevin Donovan, Lisa Taylor, September 27, 2013

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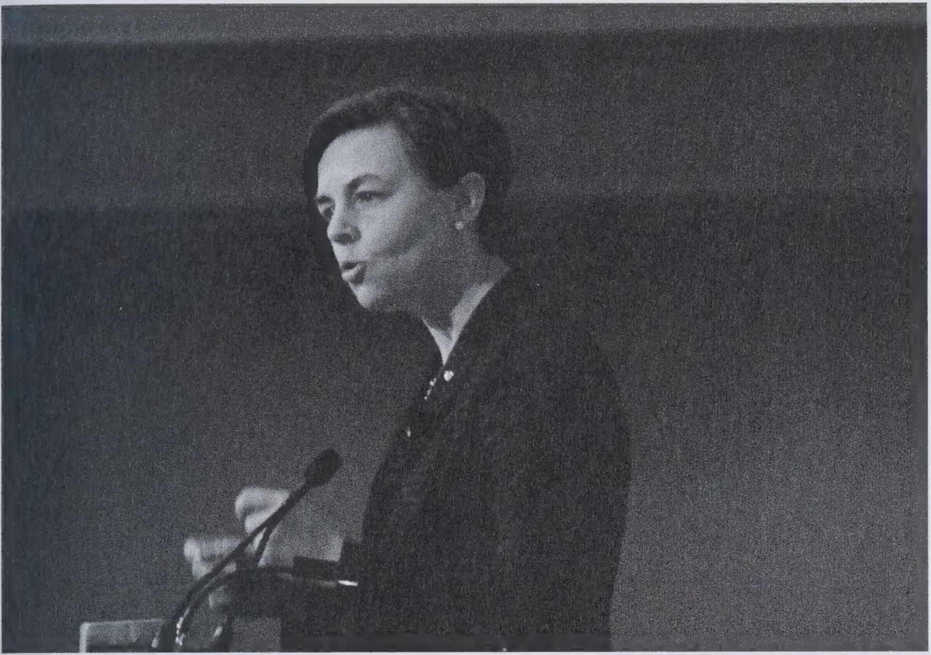

Speaker/Event: The Hon. Kellie Leitch, January 21, 2014

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Speaker/Event: Lieutenant-General The Hon. Roméo A. Dallaire, September 13, 2013

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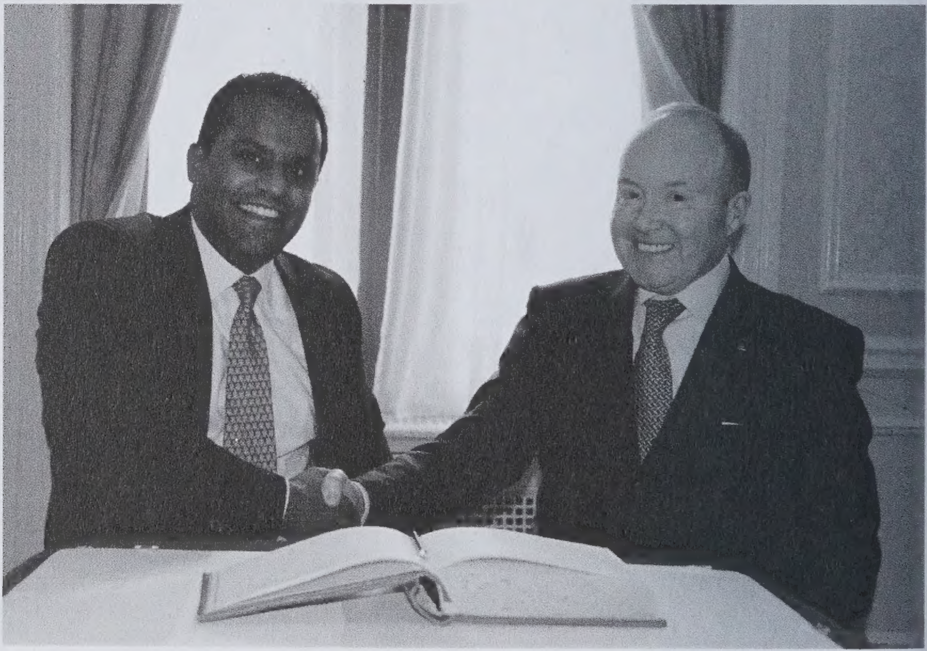
Speaker/Event: Jim Leech, Jacquie McNish, January 31, 2014



Speaker/Event: Ian Russell, Nick Barisheff, André-Philippe Hardy, January 9, 2014

Speaker/Event: The Hon. Kellie Leitch, January 21, 2014

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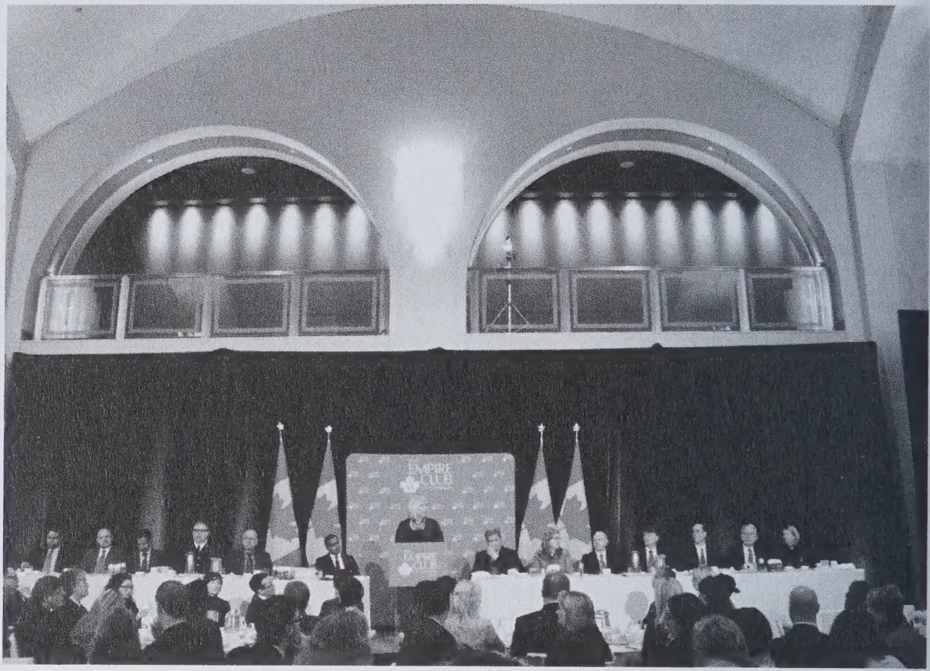
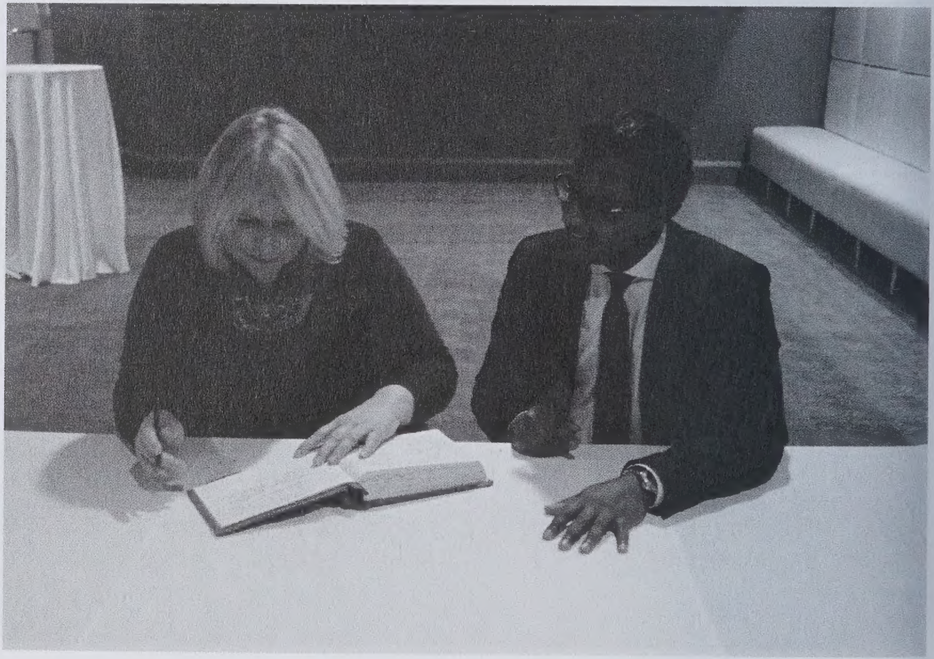
Speaker/Event: D.J. Schneeweiss, December 5, 2013



Speaker/Event: The Hon. Deborah Matthews. January 27, 2014



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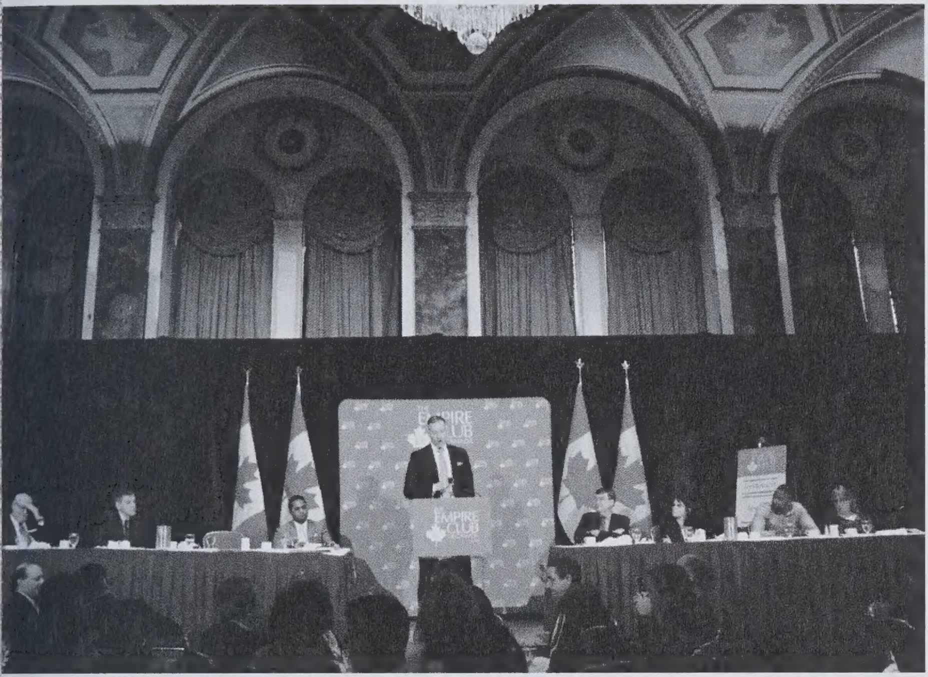
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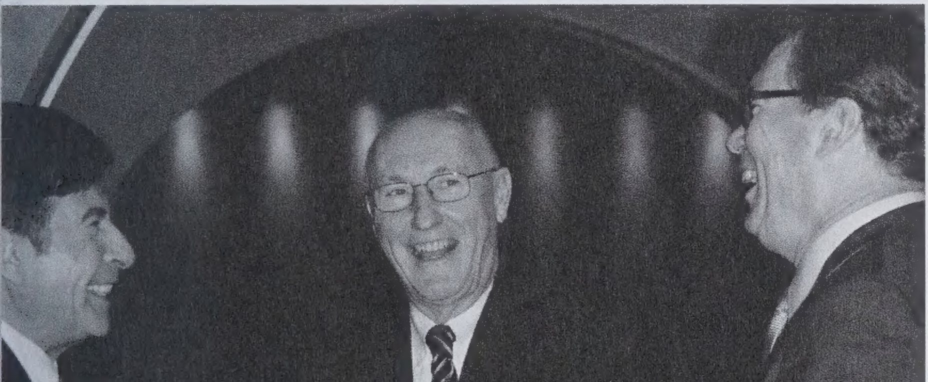

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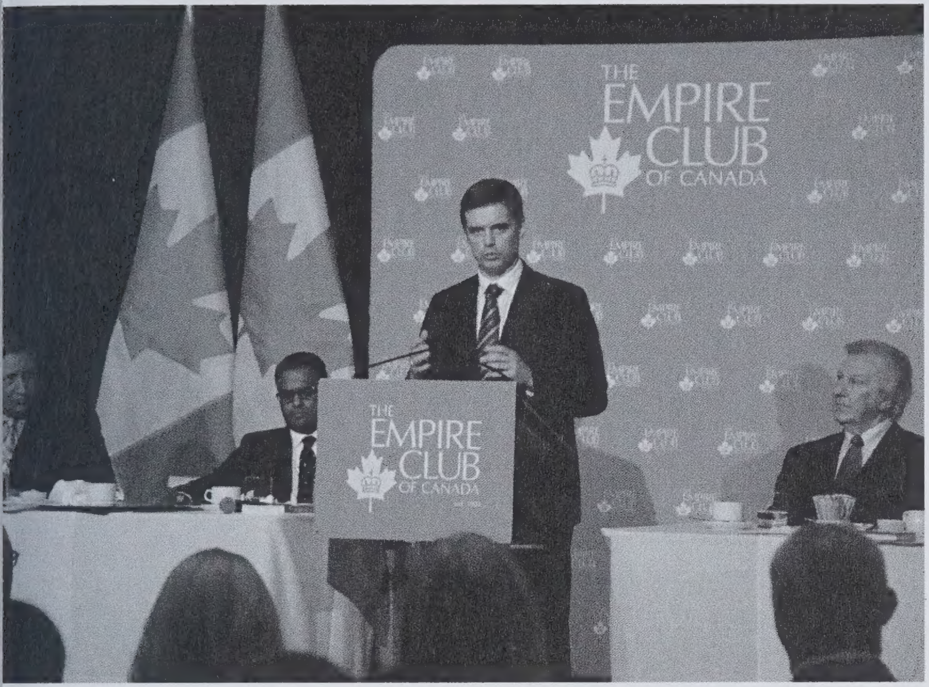
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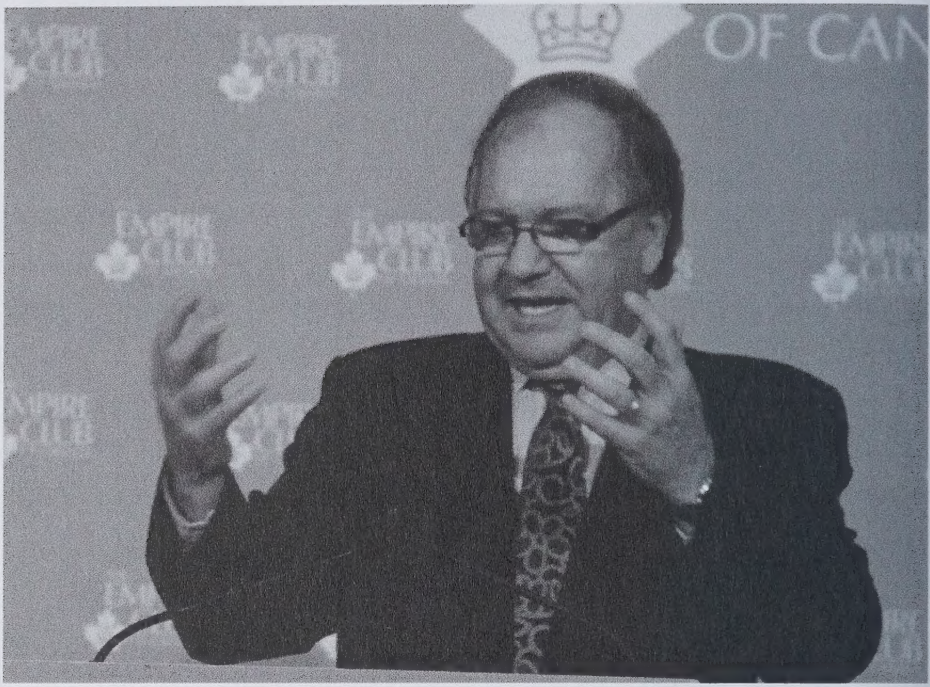
Speaker/Event: His Excellency Vadym Prystaiko, April 4, 2014

Speaker/Event: The Hon. Bernard Valcourt, April 14, 2014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Speaker/Event: The Hon. Bernard Valcourt, April 14, 2014

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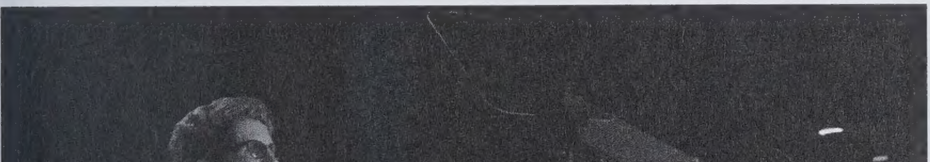
Speaker/Event: J. Robert S. Prichard, April 23, 2014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Jobs, Opportunity and Security for Today and Tomorrow

Speaker/Event: The Hon. Kathleen Wynne, April 28, 2014

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Speaker/Event: J. Robert S. Prichard, April 23, 2014

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Speaker/Event: The Hon. Kathleen Wynne, April 28, 2014

Speaker/Event: Dr. Clarence Epstein, Hana Gartner, May 23, 2014

Speaker/Event: Scott Mullin, Rev. Dr. Brent Hawkes, Gavin Crawford, Kevin Beaulieu, Councillor Kristyn Wong-Tam, May 6, 2016

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Speaker/Event: Dr. Clarence Epstein, Hana Gartner, May 23, 2014

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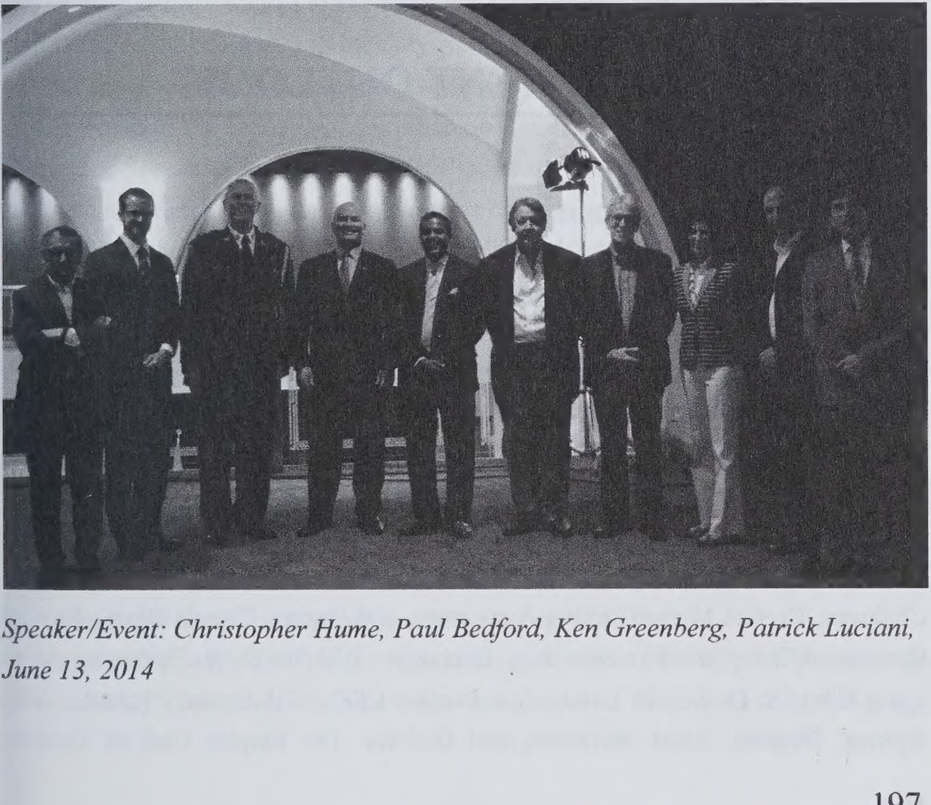
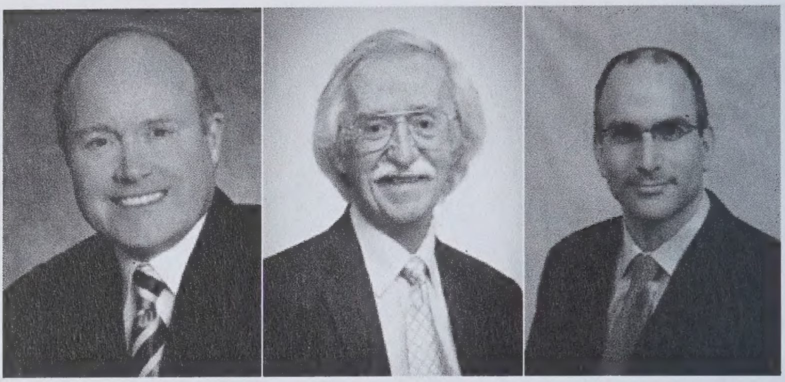
Speaker/Event: Scott Mullin, Rev. Dr. Brent Hawkes, Gavin Crawford, Kevin Beaulieu, Councillor Kristyn Wong-Tam, May 6, 2016

Speaker/Event: Christopher Hume, Paul Bedford, Ken Greenberg, Patrick Luciani, June 13, 2014



Speaker/Event: Christopher Hume, Paul Bedford, Ken Greenberg, Patrick Luciani, June 13, 2014



January 9, 2014

Ian Russell

President and CEO, Investment Industry Association of Canada

Nick Barisheff

President and CEO, Bullion Management Group Inc.

André-Philippe Hardy

Head of Canadian Research, RBC Capital Markets

ANNUAL INVESTMENT OUTLOOK

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

William F. White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada; Rosie MacLennan, Olympic Gold Medalist, Trampoline; John MacLennan, CEO, MacLennan Advisory Services; Dr. Roberta Bondar, President and Director, The Roberta Bondar Foundation; Mike Crum, Director, Development and Alumni Engagement, Ontario, the University of British Columbia; Brian Koscak, Chairman, Exempt Market Dealers Association, and Partner, Cassels Brock; Richard Carleton, CEO, Canadian Securities Exchange; Bill Packham, Executive Managing Director, Desjardins Group; Sue Lemon, CEO, CFA Society, Toronto; Alex Squires, Director, Brant Securities, and Director, The Empire Club of Canada;

Rory Cattanach, Partner, Wildeboer Dellelce LLP; Tim Patriquin, President, Treble Victor Group; Jay Smith, First Vice-President, CIBC Wood Gundy; Glenn Nolan, President, Prospectors and Developers Association of Canada; Steve Brophy, Senior Vice-President and Managing Director, BMO Nesbitt Burns; David Brown, Partner, Weirfoulds LLP; Joe Hinzer, President, Watts, Griffis and McOuat; Thomas Kloet, CEO, TMX Group; and Stephen Dekuyper, Chaplain, King-Bay Chaplaincy.

Introduction by Noble Chummar

Ladies and gentlemen, welcome to our club's annual economic outlook. It's our country's opportunity to look into the crystal ball from the perspective of industry titans. Many people have looked into the Empire Club's crystal ball in the past. Some have been right and some have been wrong. In 1914, Prime Minister Borden stood at this podium and correctly predicted the outcome of World War I. In 1967, Richard Nixon stood at this podium and said that America would triumph in Vietnam. As I said, some have been right and some have been wrong. The good news is that our three speakers today have never been wrong. So we're looking forward to hearing from them.

Ian Russell is President and CEO of the Investment Industry Association of Canada. Ian spent 20 years at Investment Dealers Association, championing regulatory and tax matters related to the securities industry and capital markets in Canada. He is a frequent columnist in industry publications and is a presenter and speaker on industry issues and developments. This past June, Mr. Russell was appointed Chairman of the Standing Committee on Regulatory Affairs at the International Council of Securities Associations. Mr. Russell has an honours degree in economics and business from the University of Western Ontario, and a postgraduate degree from the London School of Economics and is a Fellow of the Canadian Securities Institute.

Nick Barisheff is the founder, president and CEO of Bullion Management Group Inc., a company dedicated to providing investors with a secure, cost-effective, transparent way to purchase and hold physical bullion. Widely recognized as an international bullion expert, Nick has written numerous articles on bullion and current market trends, which have been published on various news and business Web sites. Nick has appeared on BNN, CBC, CNBC and Sun Media, and has been interviewed for countless articles by leading business publications across North America, Europe and Asia. His first book "$10,000 Gold: Why Gold's Inevitable Rise is the Investors Safe Haven," was published in the spring of 2013.

André-Philippe Hardy is Head of Canadian Research at RBC Capital Markets, one of our country's premier investment banks that provides a focused set of products and services to corporations, institutional investors and governments around the world. Prior to assuming his current position, André led the Equity Research team with direct coverage of banks and insurance companies. Throughout his career as an equity analyst, André was ranked consistently as a top analyst in his sectors. Prior to RBC Capital Markets, André spent over a decade at Merrill Lynch Canada and TD Securities.

Ladies and gentlemen, please welcome our first speaker, Mr. Ian Russell.

Ian Russell

Thank you, Noble, and good afternoon ladies and gentlemen. The current economy might be called the Michael Corleone economy. As soon as we think we're out of the slowdown, we're back into it. But what does the Investment Industry Association of Canada's (IIAC) recent survey of CEOs of Canada's investment dealers indicate? It indicates that the economy is coming back, slowly but steadily. The industry is optimistic, tepidly optimistic for 2014. Industry executives are positive about both the state of the markets and the state of the industry, and that is crucial because both depend on each other. Last year, through an IIAC sponsored survey, we learned that Canadian investors have a high degree of confidence in their investment advisors. That level of confidence and trust is important. As market conditions improve and advisors recommend opportune investments, their clients will likely heed their advice. That will benefit the markets and the economy. This year's sense of tepid optimism echoes last year's survey. The survey found executives expressing cautious optimism about 2013, and those expectations were borne out. Last year saw slow but steady growth, giving us reason to be optimistic that this year's results will also confirm our survey's results.

The recent survey also underlined the fact that two important challenges face the industry and the economy. First, small boutique investment dealers face severe challenges in today's markets. The country can't afford to lose them. They are critical to competition, to the diversity of markets, to access scarce capital, and to the growth of small and medium-sized enterprise. Second, major regulatory changes need to be implemented this year and next. These years could be make-or-break for many small firms. I'll have more to say on both of these points in a couple of minutes.

First, I'd like to look at some of the survey results, and the reasons for cautious optimism. The fact that 48 per cent of the CEOs surveyed see the state of capital markets as being more or less the same as last year's signals stability. This is a positive important signal to investors. Ten per cent of respondents predict that their firm's profitability will significantly improve this year, something, which not a single CEO anticipated last year. This reflects the effort that some small firms have made to cut costs, add scale, build business, and generally put themselves on a sounder footing. If the overall picture improves, they are positioned to benefit. The majority of CEOs see investors as more likely to participate in the markets, and reduce their holdings in cash and equivalents. Sixty per cent said investors would be more likely to participate in equities this year and reduce their cash holdings. Interestingly, fewer investment firm CEOs indicate that they have plans to acquire a firm or enter into a joint venture, only one-third as many as last year. That's despite the fact that conditions are actually more encouraging this year. Why the reduced inclination to acquire? Well, quite simply, some of the more valuable firms have already been acquired in the industry. As the attractive candidates disappear, those firms looking to expand believe it makes more sense to do so by buying assets and hiring away the personnel they need. Many firms face a tough challenge just to survive, and for some 2014 will determine whether or not they do.

One potential roadblock, as I mentioned, is the regulatory burden. Eighty-four per cent of CEOs in the industry interviewed for the survey cited regulatory burdens as a barrier to growth. That's a higher percentage than any other factor. In view of the tsunami of rules that has been put in place and the burdens they create, the industry will be looking for clear justification for any new rules. The industry, and Canadian companies seeking capital, can illafford additional, unjustifiable regulatory burdens that discourage small business investments. This will undermine the growth and the competitiveness of the Canadian economy. As a case in point, regulators must exercise discretion and judgment in auditing compliance with the suitability rules, as well as other new regulations. Why? Mechanical box-ticking; regulatory scrutiny of suitability decisions could result in excessive compliance costs and discourage investments with highly variable returns, such as speculative equities.

Speculative investments have a rightful place in properly diversified portfolios. These outcomes would damage the health and vitality of the venture marketplace, thereby reducing entrepreneurial opportunity and undermining the competitiveness of the economy. The impact of the regulatory burden is greatest on small firms, in both the institutional and the retail sectors. They were hit hard by both the 2008 market collapse and the ensuing structural developments in the marketplace. Last year was an abysmal one for the small dealer firms in Canada. Half of the boutique firms in the industry continue to lose money, and 13 investment dealer registrants resigned from the self-regulator, Investment Industry Regulatory Organization of Canada (IIROC), or announced their intention to resign. And we expect this trend to continue as consolidation takes place in the industry.

The next year or so has the potential to be a make-orbreak situation for many small investment dealers. The cost burden of the complex performance reporting rules and the tight deadlines for implementation, and the uncertainty of imposing a fiduciary standard, could be the catalyst for significant change. Firms that have scoped out their needs in terms of technology and compliance resources and have a strategic implementation plan will do well. Those that have not will face an uncertain future.

Yet overall, the survey offers good news for the new year. It's good to see signs of optimism from investment dealer CEOs. And that's good for the industry and for the companies and the investors that depend on robust capital markets. But we cannot let a sense of tepid optimism disguise the fact that smaller firms face serious challenges in today's capital markets. Their survival is crucial to a competitive industry, to capital raising opportunities for small and medium-sized Canadian businesses, and to investor choice and opportunity. Government needs to provide the right investment incentives. Regulators need to provide an effective regulatory framework. And the industry needs to provide the right ideas to bring capital together with investment opportunities. As I stated at the outset, the industry is optimistic. We all have a stake in the survival of Canada's envied, small and mid-cap venture markets. Thank you.

Nick Barisheff

Good afternoon. Last year saw the greatest decline in gold prices in 32 years and my book, "$10,000 Gold," was published. How's that for timing? However, I'm confident that the gold drivers that were set out in my book are still very much intact. Last year, COMEX Futures Exchange distorted gold prices and provided investors with the second-greatest opportunities to buy gold since 2002. On April 12, the gold price declined by $150, and on June 20, by $80, because of naked short-selling of futures contracts. These precipitous drops triggered sell stops and margin calls and the Western media jumped in to declare that the bull market in gold was over. In sharp contrast to the falling price of paper gold, the demand for physical gold soared. The U.S. Mint and the Canadian Mint both ran out of stock. Many retail coin stores ran out of stock and premiums rose by as much as 20 per cent for gold and 40 per cent for silver. The lower price also represents a problem for miners. Because average mine production costs now exceed $1,200 an ounce, many high-cost producers will be forced to shut down, causing supply and demand pressures. Clearly the physical price of gold cannot decline much further for any length of time and this correction is close to an end. In addition, the days of COMEX dominance of the gold price are numbered, since the monthly deliveries on the Shanghai exchange already surpass global mine supply. However, the main driver of the gold price is and always has been increasing money supply. An increase in the money supply is the very definition of inflation, as it devalues currencies and destroys purchasing power. If an increasing money supply led to prosperity, Zimbabwe would be the richest country in the world.

This chart shows that gold and the U.S. government debt have shared a lockstep relationship since 2001, despite the divergence in 2013. Over the longer term, the U.S. debt and gold should return to equilibrium. Since the official public debt in the U.S. is $17.3 trillion today, in order to bring the debt-to-gold relationship back to equilibrium, gold should not be $1,800 an ounce. Since there is no political will to curtail either debt or introduce austerity measures, I believe gold will surpass $1,800 and likely set new highs in 2014. It is not just the U.S. that has this debt problem. Ever since President Nixon closed the gold window in 1971, the world has been in a global fiat currency experiment, where every dollar in existence has been created through the issuance of new debt. Without the stability of gold backing, this has encouraged unbridled currency creation and reckless credit expansion at an exponentially increasing rate, taking fewer and fewer years to double. Since President Obama took office in 2008, the U.S. cash debt has increased from about $10 trillion to over $17 trillion. This figure doesn't take into consideration the very real $127 trillion of unfunded liabilities, such as Medicare, prescription drug plans and Social Security. For this, taxpayers will ultimately be responsible, and this works out to about $1.1 million for each U.S. taxpayer.

The debt build-up is not limited to the U.S., but includes most Western economies. The systemic risks that caused the financial meltdown in 2008 have got worse. The world's financial system was almost destroyed in part because of $1.2 trillion in mortgage derivatives. Today, interest rate derivatives alone are 450 times higher at $561 trillion or seven times global GDP. What could possibly go wrong? Long-term treasuries ended up in 2013 pushing 3 per cent and will likely rise if the feds tapering measures increase. In the U.S. a 1-percent rise in interest rates translates into an additional $170 billion of annual interest costs and increases both the debt and the deficit. All other Western countries face similar situations. Interest rates at 3 per cent in Japan will consume all of the country's tax revenues just to service the interest payments. The bigger problem will, however, be declines in bond portfolios if interest rates rise. In Europe, most banks hold significant amounts of sovereign debt as part of their capital. As interest rates increase, the value of their holdings will decrease incrementally. And due to the high leverage ratios, some banks may need either bailouts or bail-ins to shore up their capital ratios. And those same banks may find that their interest rate derivatives have unexpected counterparty risks.

The debilitating effort of the growing debt is clearly illustrated by the next chart. It shows that in the '50s, for every dollar of increased debt the economy grew by four dollars. In 2013, for every dollar of debt increase the economy only grew by 50 cents. And during the last decade, if you were to use real GDP rather than nominal GDP, the real GDP only increased debt an average of eight cents for every additional dollar of debt. You don't need to be a mathematician to understand that this trend is not a recovery and is unsustainable over the long term.

Now, while demand for gold in the West dropped to an all-time low in 2013, the unprecedented demand for physical gold from Eastern buyers confirms that Eastern nations will no longer tolerate the debasement of the U.S. Treasury holdings. China bought a record 2,200 tons of gold last year. This is close to total global mine production. Many informed gold watchers feel this is a conservative figure, and the true figure will remain a mystery until China chooses to disclose it, likely in 2015. China is the world's largest gold producer, and not only buys all of its own domestic production, but also buys through its opaque sovereign wealth funds, the remaining balance and then at some point in time, transfers it to the central banks. In 2009, China announced its gold reserves at 1,054 ounces. It would not be surprising to see that China owns over 5,000 tons by 2015. If we add the purchases of the other Far Eastern, Middle Eastern and central Asian countries like Russia, far more physical gold was purchased than was mined. Now, the movement away from the U.S. dollar is intensifying. China has now signed over 25 trade agreements that circumvent the U.S. dollar in which they settle trade imbalances with the participants' own currencies. This will continue to place downward pressure on the demand for dollars, and if the dollar loses its reserve currency status, America's ability to print unlimited amounts of money without consequences will be over.

This chart shows the lifespan of the five previous reserve currencies that preceded the U.S. dollar. The average is 94 years. Gold's lifespan as stable money is 3,000 years and counting. If we take the demise of the British pound as the world's last reserve currency in 1920 as the starting point, 2014 will mark the ninety-forth year of the U.S. dollar's lifespan. During this time, it has lost 97 per cent of its purchasing power. I firmly believe we're in the late stages of the U.S. dollar's reign as the world's reserve currency.

Considering the strengthening fundamentals we witnessed for gold in 2013, despite its poor price performance, it appears that an opportunity similar to that of 1976 is a strong possibility. Gold rose 450 per cent from 1971 to 1974. It then retreated 43 per cent over the next 18 months. Many investors lost confidence and sold their gold holdings, vowing never to invest in gold again. The New York Times proclaimed the end of the bull market. However, during the next four years, gold climbed 750 per cent.

A similar percentage increase from today's price would see gold trading at $10,000 an ounce.

While there may still be price declines, I feel today's situation is similar to that of the 1970s, and we have the second-greatest opportunity to buy gold since 2002. Today, many investors are tempted to sell their underperforming precious metals holdings and use the proceeds to purchase U.S. securities. But there's an old Wall Street saying: "Buy low, sell high." Not sell low, buy high. While no one knows with absolute certainty the exact timeframe for these developing events, the most conservative route for portfolio protection is diversification with at least a 10-per-cent allocation in gold. Gold is the most negatively correlated asset to financial assets and acts like portfolio insurance in a decline or a crisis. For true portfolio protection, however, you need physical gold, to which you hold clear title and the bullion is stored in allocated storage or your own vault. It is critical that your bullion holdings have no counterparty risk, and are not proxies or derivatives such as gold certificates, futures contracts or ETFs.

Thank you, and all the best in 2014.

André-Philippe Hardy

Thank you. Good afternoon. It's a pleasure to be here to talk about RBC Capital Markets for the economy, interest rates, equities and currencies in 2014, as well as highlight our favourite stocks. Let me start with a quick word about who we are. As I show on the slide, RBC Capital Markets is part of the Royal Bank of Canada, one of the top-15 largest banks in the world, and the fifth largest bank in North America, as measured by market cap. The bank has strong credit ratings, a strong capital base, and a highly liquid balance sheet. Within Royal Bank resides RBC Capital Markets, a premier investment bank with over 7,000 professionals, operating out of 15 countries, offering a wide range of products and services. And then you have the RBC Capital

Markets research team, which is within Capital Markets. The research team is approximately 300 professionals across the globe and has more than 1,500 equities under coverage, including over 800 in the U.S., and just under 400 in Canada. Specific to Canadian equity research, the RBC Capital Markets research department has been marked number one by both Brendan Wood and Greenwich, which are the two prominent providers of institutional investor surveys. Globally, sector expertise is offered in economics, emerging markets, portfolio and quantitative strategy, currencies, credit and equities across a wide range of industries and market cap.

Let me talk about the overall backdrop and what 2013 looked like. The year 2013 was characterized by optimism in risk assets with challenges in global rates investing.Without accelerating growth, rates investors suffered a difficult period, as worries about tapering and tightening ebbed and flowed, leading to a sharp boost in real and nominal yields. But high-yield credit and equity investors cheered as they benefited from a much more constructive environment.

Now, while the absolute yield lows are likely behind us and the shadow of eventually more hawkish central banks will hang over our heads, we look to 2014 as a year where investors in all asset classes will have greater transparency to position themselves reasonably and take advantage of volatility when it strikes. From an economic perspective in 2014, we expect that the most relevant themes will be the United Kingdom and Eurozone attempting to play catch-up with the accelerated pace of recovery in the United States, while Canada looks to benefit from improvements in its biggest trading partner's economic health. While Europe and the United Kingdom were out of recession in 2013, the pace ahead will continue to be slow and steady, with regulatory and policy uncertainty still in force. Our main conclusion for fixed income in 2014 is a simple one. The world of low yields will be with us for quite some time, with slow growth and tepid inflation.

We predict that mildly bearish positions could pay off, while credit trends look to remain healthy and high-yield corporates continue to be one of the stronger sources of relative investor returns. Equities in 2014 have a strong outlook in our view, with economic recovery in the early to middle innings, central bank supportive, street expectation still low, and valuations rising but justified.

With the broad picture behind, let's dig into the outlook for the Canadian economy and interest rates. Although Canada failed to exit 2012 with a bang, as growth averaged just 0.9 per cent in the final half of the year, there was a fair degree of optimism about what 2013 held. Some of the factors behind the late 2012 weakness were expected to fade, i.e. oil export disruptions, while the prospect of stronger U.S. demand and a more favourable composition of U.S. growth held the promise of a long-awaited turnaround in exports. Uncertainty surrounding the U.S. fiscal outlook and the brinksmanship that came with it weighed on capital spending, but the assumption was that saner heads would prevail in 2013 and investment demand would improve.

In any event, 2013 failed to live up to expectations. Developments in the U.S. certainly played a role, with growth this year expected to be about 0.7-per-cent weaker than what the Bank of Canada had assumed in late 2012. However, some of the blame lies closer to home. In particular, business capital spending failed to show any significant momentum and is currently flat on a year-ago basis. Some one-third of all private investment is tied to mining, oil and gas development. Supply disruptions and uncertainty about pipeline development in this sector have contributed to the poor investment performance, while the fiscal brinksmanship in the U.S. may also have been partially to blame. Now some of the pipeline constraints in the energy sector may ease as we head into next year. Together with an improvement in U.S. growth tied in large part to a lessening of 2013 onerous fiscal drag, there is some room for optimism that the investment contribution that was meant to show up this year has simply been delayed to next year. Other sectors of the economy are expected to have a less marked effect on swings in the Canadian growth and inflation outlook. The Canadian consumer is expected to contribute half of the expected 2.6-per-cent growth in overall GDP next year. The gains should represent a combination of a slightly firmer job market and wages, while we're assuming a relatively stable savings rate. The steady pattern of modestly above potential growth that we envision translates into predictable reduction of economic slack. However, the output gap is still expected to be slightly less than 1 per cent of potential GDP at the end of next year. It is, therefore, most likely that core inflation will be holding below the Bank of Canada's 2-per-cent target at that time. Given our base case assumption that core inflation is still below 2 per cent at the end of next year, and assuming that systemic risks from having rates too low for too long remain contained, the Bank of Canada should be content to leave its started overnight rate at 1 per cent. However, the potential for a rate hike some time in the first half of 2015 should influence shorter term yields, particularly over the final half of the year.

Over the balance of 2014, our interest-rate forecast looks for medium- and long-term interest rates to rise, consistent with a steadily improving economic backdrop, and expectations of tighter monetary policy in 2015. While we expect rates to rise, they are expected to remain low by long-term standards. For example, our forecast for U.S. 10-year bond yields of 3.6 per cent at the end of 2014 represents higher bond yields than today, but that level is in line with where yields were prior to the European challenges of the second half of 2011.

Moving on from the rates world to equity land, I'll focus my remarks on equities on the world's largest economy and stock market. The U.S. returns in 2013 were excellent but not exceptional. The year's returns were very strong but not really out of the ordinary, as 2013 was the sixth-best year in the post-war period. What really is exceptional, however, is how a 1.7-per-cent GDP year turned into an almost 30-per-cent year for the SNP 500. Further, it was striking how steadily the market progressed without a single pullback of 6 per cent or greater. Now despite this strong performance, it is difficult to find any major event or announcement as the catalyst propelling the markets higher. A case could easily have been made that the most important news headlines should have been headwinds for the market. Taper talks sent rates significantly higher. Sequestration and the government shutdown took a chunk out of GDP growth, but the market was unfazed by these developments.

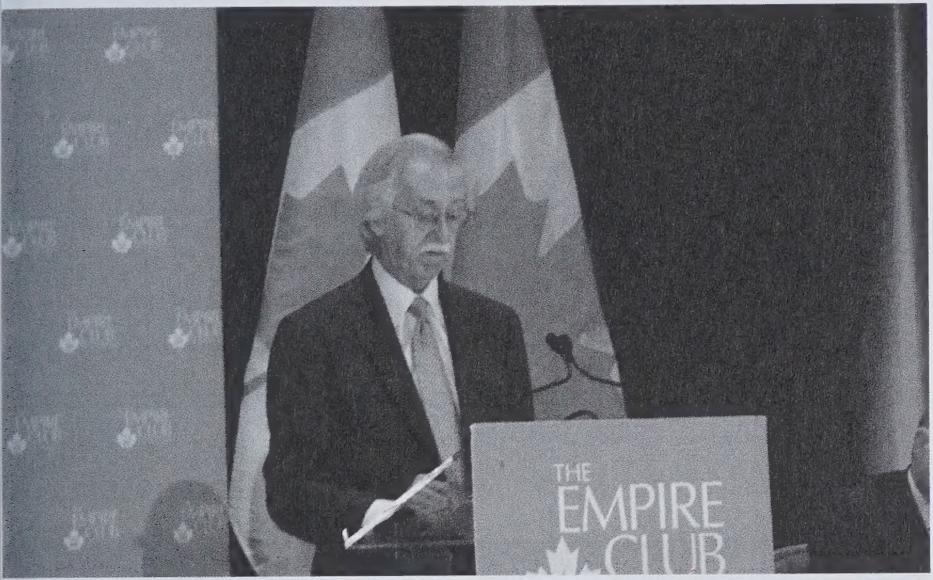
Perhaps 2013's big story was actually the lack of a big story. Maybe the market's big run was simply a big relief rally, or relief that the dysfunctional government in Washington didn't do anything truly damaging, and relief that our friends in Greece, Italy and Spain kept themselves sufficiently out of the headlines. If we were to capture 2013 in one word, it would be multiples. This benign environment allowed an undervalued market to continue its renormalization process. As can be seen on the screen, the spread between corporate bond yields and earnings yields has fallen significantly with equity valuations doing most of the heavy lifting as PEs rose roughly two points from 12.6 times. We believe that the equity valuations will continue to drift higher until these two lines converge. Specifically, RBC Capital Markets has a target of 2,075 for the SNP 500, approximately 13-percent higher than current levels. The SNP's almost 30-per-cent return in 2013 as I mentioned was the sixth highest since 1947. Before I wrap up the outlook on equities, it is important to highlight that after a year like 2013, historical performance shows that years with strong returns are often followed actually by solid returns. More specifically, of the 10 best years since 1947, subsequent year returns have averaged 14 per cent. In fact the real driver of down years is typically a recession, and currently, the likelihood of a recession is below average in our view.

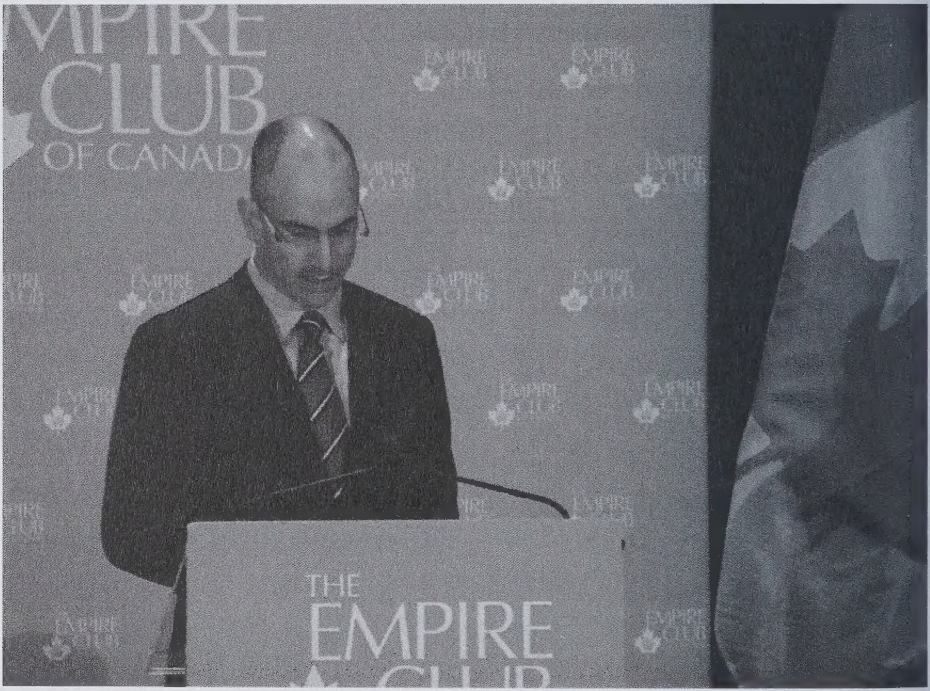
Shifting to currency markets, G10 foreign exchange was a tale of two halves in 2013, with the Canadian dollar undoubtedly in the bottom half. Leading the way were the Euro and U.S. dollar, two currencies that had underperformed in recent years. But other currencies like the British pound held up well too. The Canadian dollar was lumped with the laggards down 7 per cent against the U.S. dollar and more against the Euro. Looking forward to 2014, we believe that the Canadian dollar will continue to underperform the U.S. dollar. Our call for Canadian dollar underperformance in 2013 was based on Canada's struggle in financing its current account deficit. While the deficit itself is nothing new, until a year ago it was easily financed with long-term capital in-flows. The slowdown in global reserve accumulation coupled with lower demand for fixed-income havens means that Canada's deficits now exceed its long-term capital in-flows and the gap has to be plugged by short-term capital in-flows. If Canada had higher rising short-term rates, that would be easier to achieve, but the Bank of Canada, as we discussed, is not expected to raise interest rates until 2015. That leaves a cheaper Canadian dollar as the primary mechanism for resolving the funding gap.

So to sum up our views on the macro outlook, RBC Capital Markets anticipates a continuation of the constructive global economic and market trends that define 2013, mainly broadly rising equity indices, moderate but positive economic conditions, and still low but rising interest rates. Against this backdrop, RBC Capital Markets global equity research department recently presented our top-30 global ideas for 2014, which we show on the screen. These 30 stocks represent the most attractive equity investment ideas within our coverage universe for people with a 12-month investment time horizon, and we focus on larger cap and liquid names which are most suitable for a global investor. There are eight Canadian names on the list: Brookfield Asset Management, CAE, Dollarama, Domtar, Goldcorp, Suncor, TD Bank Financial, and Tech Resources.

Thank you very much for your time.

The appreciation of the meeting was expressed by William F. White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada.

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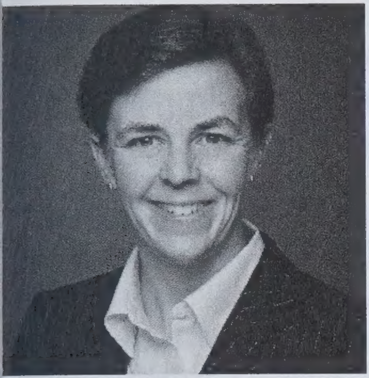
January 21, 2014



The Hon. Kellie Leitch

Minister of Labour and Minister of the Status of Women

WOMEN AND LEADERSHIP

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Tom McKaig, Adjunct Professor, University of Guelph, and Director, The Empire Club of Canada; Kerry K. Paterson, Student, Munk School of Global Affairs, University of Toronto; Captain Reverend Eleanor Clitheroe; Stephen Banquier, Director, Prime Brokerage, TD Securities; Pamela Jeffery, Founder, Women's Executive Network and the Canadian Board Diversity Council; Stephen Hewitt, Senior Manager, TD Bank Group, and Director, The Empire Club of Canada; Alex Johnston, Executive Director, Catalyst Canada; and Malliha Wilson, Assistant Deputy Attorney General, Ministry of the Attorney General of the Province of Ontario.

Introduction by Noble Chummar

The Empire Club has had the honour of hosting many of Canada's most prominent women. In 1930, we hosted Cairine Wilson who was Canada's first woman senator. In 1957, we hosted the Honourable Ellen Fairclough who was Canada's first woman cabinet minister. In 1964, we hosted the Right Honourable Kim Campbell, Canada's first woman prime minister. And in 2001, we had the honour of hearing from the Right Honourable Beverly McLachlin, the first woman chief justice of the Supreme

Court of Canada. We have indeed come a long way in Canadian society, but I'm sure that the minister will tell us that we still have some ways to go.

Last week, the Ontario Security's Commission proposed a new rule that would require companies to report annually on their policies to add more women to our board rooms and to our executive ranks. This type of public-policy change is a result of decades of perseverance and education of all Canadians, men and women. Many politicians have made speeches at this podium as I've mentioned. Very few of them in our 110-year history have had the chance to wear two different hats. Our guest speaker has, only six years ago, addressed the club. Then she was just a rising star, a world leader in pediatric surgery, a recent member of Canada's Top 40 under 40. In 2010, Dr. Leitch was honoured with the Order of Ontario for her work advocating for children and youth.

Today, the Honourable Dr. Kellie Leitch is a Member of Parliament, Minister of Labour and Minister Responsible for the Status of Women. Dr. Leitch holds a doctorate in medicine from the University of Toronto, an MBA from Dalhousie University, and completed the Orthopedic Surgery Residency program at the Children's Hospital in Los Angeles at the University of Southern California. Throughout her career in the medical profession and as a volunteer and now in public life, Dr. Leitch has made it a priority to address the unique challenges of women and girls.

Ladies and gentlemen, it gives me great pleasure in welcoming the Honourable Kellie Leitch to the Empire Club of Canada.

Kellie Leitch

Thank you very much. So how many of you have a daughter, granddaughter, or a niece? Pretty much everyone in the room, save a handful. I was having a conversation with probably my best friend a couple of days ago. He's someone for whom I have a lot of respect. I said to him that I was going to make this speech. He's very well read; has read the OSC report and other things. I said to him, "Well what do you think?" He said, "It's all about leadership." That's the issue. It's about leadership. His name is Kit Leitch. He is my father and he has two daughters—me and my sister, who's an engineer. She also has an MBA and he says it's all about leadership and I would say exactly the same.

We need to create a supportive environment for women to be successful in Canada and we've done a great job of that in academia; we've done a great job of it in my profession, in medicine. We've seen the numbers move. But I'm here to challenge you to make sure that we're also doing that in other areas of Canadian society because this is something we can't continue to ignore. This is something that we have to address. I'm a pediatric orthopaedic surgeon and that didn't happen by accident. It happened because of a guy by the name of Dr. Allan Gross and another man by the name of Dr. John Wedge, both in their fifties, late fifties actually. Depending upon how he looks during the day some people would say that Allan is in his late sixties. They decided in 1990 that having women surgeons was important to the country and they went about focusing on recruiting women to become surgeons, and I was part of that pipeline.

Allan Gross, starting in my second year of medical school, provided me with opportunities to do research, and most importantly he gave me a seat at the table. More appropriately, he gave me a place to stand at the table in the operating room, holding the knife, being responsible for the patient. And that's what we need to do in other professions; create the pipeline and give people responsibility. We've seen, in medicine, substantive change.

In 1990, when I was a medical student, less than 3 per cent of the orthopaedic surgeons in this country were women. If you look now, 33 per cent of the people who are in that population of new orthopaedic surgeons in the country, which is over 1,400, 33 per cent of them are women. There has been a huge change in two decades. It took time, but it was a focused effort. We have an opportunity because of leadership to move the dial here, and I'm encouraging all of you and your colleagues at work to participate.

We know here in Canada we have a really substantive untapped resource. We talk a lot about those individuals who may not be involved or represented in certain organizations. So by way of example, if you look at mining, we know that we're going to have a skills shortage, a shortage of individuals who work in the mining field in 2021 of over 120,000 people. That's a huge gap. But only 15 per cent of the people working in mining right now are women. We know that women are well educated; there are just as many women as men in many of our classrooms.

I did pretty well in math and so did many of my colleagues, but it's an untapped resource. We've seen the change in medicine, as I mentioned before. From 2004 to 2008 we saw an increase of 24 per cent of women graduates from medical school. In fact 53 per cent of people who graduate from medical school now are women. And 37 per cent of practising lawyers in our country are women. They are playing leadership roles, as was mentioned earlier, in the government of Ontario, like one of our head table guests. We are seeing this change in certain professions and we need to do more, and a number of CEOs in the country are focused on making sure we are doing this in their trades.

I was talking to the owner of a large construction company in Western Canada, Brosco Construction, and he said to me, "I am taking a unique approach to helping build the Calgary airport, because I didn't have enough people. Instead of having a regular 9 to 5 workday, we run our construction company from 6:30 in the morning until 8:00 at night sometimes. We decided to be quite flexible. We went out and recruited a bunch of moms, women, to drive our heavy equipment trucks. They come to work at 9:30 after they take their kids to school. They leave at 3:30 so they can be standing in the schoolyard to pick their children up. We've gone from having no one to help run our heavy equipment to actually having a working population. They may be only there six hours, but at least they're there." And most importantly, these women have a great quality of life. They are able to buy hockey equipment for their kids and young men behave better on the worksite when there's a mom there.

So here's a CEO who's doing what he needs to do to make his business work. We need to do the same when it comes to women on boards. We know the number; it's been published. About 14.5 per cent of board positions are held by women. I would say that if a group of orthopaedic surgeons and a group of construction guys can figure this out I'm pretty confident the people in downtown Toronto and corporate Canada can too. I want to commend the OSC for bringing forward their report. It obviously represents a number of leaders across the country.

From the federal government perspective, we've taken leadership too. In fact, the 2012 economic action plan announced an advisory committee for women on boards. We're working through that process. We have a number of advisory boards, some of which are here today, and are focused on looking at this from a national perspective. But the federal government is also taking on leadership in a number of other ways. In fact, amongst our boards whether that be the judiciary, crown corporations, deputy ministers, and assistant deputy ministers, 31 per cent of them are women. This is a number that I think we should be quite proud of, but this didn't happen by accident. In fact, in 1990 it was about 10 per cent. It's because my boss, the Prime Minister, means business. He's being a leader. The Deputy Clerk of the Privy Council, Janice Charette, is a woman. The Deputy Minister of Labour, Hélène Gosselin, is a woman. The Minister of Transportation for our country—vitally important to the economy—is a woman, Minister Lisa Raitt. The Minister of Public Works and in charge of procurement for the country is a woman, the Honourable Diane Finley. My boss makes sure that we're all accountable for this.

It's important, it's about leadership, and as my mom used to say to me all the time, "Kellie, you've got to lead by example." And that's what he's doing. And so what I would say is that we have a great opportunity here. There are a number of things that I think we've all heard about that are things that have to be addressed. People may not have the right experience. They may not have had the right opportunities. There may be a need for a longer list to pick from. There are a number of things that get put up as challenges and I recognize that. It's something that our advisory board heard about across the country and what I've heard from round table discussions all over the country. I recognize that, but what the advisory board has also heard, and I've heard from a number of different organizations and a number of people from across the country on a regular basis, is that there are certain things that we can do to fix this. I would say that my former boss and mentor, Dr. Allan Gross from my profession, understood that.

So what are those things? On our advisory board is a number of prominent Canadians; I think a number of them are here. You can put your hands up. Don't be shy. Alan Horn from Rogers, Helen Jefferies, Catherine Swift, Alex Johnston from Catalyst, Isabelle Hudon from Sun Life, Monique Leroux from Desjardins, and Linda Hasenfratz from Linamar. These are prominent Canadians who actually know a lot about corporate Canada. What we've heard is that you need a champion. You need someone who says, "You are the person that they want to have succeed." You need role models—men and women. We need to develop networks. We need to have opportunities for women in finance and operations. We do not need quotas. That's something that shouldn't be considered. We need to create an opportunity to focus on targets and goals and, most importantly, we need to create that pipeline, where there is opportunity for people to move through the process.

I think there's a wealth of evidence out there, and I'm sure many people in the room have heard it, for making the case for this for business, whether that be for the Fortune 500 companies between 2004 and 2008 and the increase in return on investment between those that have a lot of women on their boards to those that have a few— a few being 26 per cent—or whether that be an increase in sales, an increase of 16 per cent if you have more women on your board, versus fewer. We see the same numbers in the United States. We see the same numbers in Europe. But really what this is about is whether you have everybody you need at your boardroom table. Have you provided the opportunity for everyone to be at the table? That's good for your business. I was talking with Bob Prichard just a couple of days ago. As you know, he's a former president of the University of Toronto, and a University of Toronto alumnus. He's also the chair of the BMO board and they have four women on their board. What he said to me was that one of the most substantive reasons to have more women on your board is that it creates a different dynamic.

The other thing that happens is that it provides an opportunity for people to say things about the subject matter that's being spoken about. You don't become the advocate for a certain gender at the table. I recognize that this can happen on both sides because I've sat in a room where there was one male nurse trying to advocate for certain things, so this happens in other environments. It creates a different dynamic of dialogue because it's not all about locker room talk. It becomes focused dialogue that is better for the business and better for the discussion. And that's what we need. We need to have a dynamic where the most important things to the firm are discussed at the table in a thoughtful way. I think that's exceptionally important.

How many of you are involved in a hockey draft or have heard about a hockey draft? It's okay you can put your hands up. You're Canadian so you're allowed to talk about hockey. When you get the hockey draft list you have a whole list of players. Nobody ever rips the list in half and puts half the list on the table and says, "I'm only going to consider these 15 guys," because your other colleagues have the whole list. Why would you ever do that because the part of the list you're not considering might have Sydney Crosby on it or Price who is an amazing goalie from the Canadiens? Why would you not want to consider them for your draft? We need to consider the whole list because there's value in making sure that you're considering every person who has something to offer. That's how you get the best dialogue at the table and that's how you make the best decisions. I think that if you are taking away half your list, you're putting yourself at a competitive disadvantage and why would you ever do that?

So, I encourage everybody today to go home and think about the thing I talked about first. Do you have a daughter, or a granddaughter, or a niece? Think about what you can do to move the bar for them or what you think already occurs for your nephew, or your son, or your grandson, and what you could do differently to help move that bar? I don't have kids, but I have three nieces and I hope that they are treated exactly like my nephew in the workplace when they're all older, because that's what Canada is about. Canada is about making sure that people who work hard are successful. Merit and because you're the best person is the reason you end up in a role.

So, I am here today to ask for your help as the Minister of the Status of Women and the Minister of Labour. I'm going to go out and look at my colleagues in the face and encourage them to do better. We are at 31 per cent, but even we can do better. I need you to do exactly the same. We need to make sure that we are focused on making sure that young women have these opportunities. I challenge you to do the same thing, whether that's doing what I'm going to do—helping create that pipeline, and we have a fabulous pipeline in the federal government through Crown Corporations giving women opportunities to have operational and financial experience so they can be considered for other boards—or whether that's being a champion for a young woman or whether that's playing a leadership role. I'm going to do that. But I need you to do exactly the same things because this is good for Canada and it's good for our global competitiveness. It makes sense. And overall it's good for women, it's good for the economy, and it's good for business. We need all of you leaders to do your part and I know you can. Thank you very much.

The appreciation of the meeting was expressed by Stephen Hewitt, Senior Manager, TD Bank Group, and Director, The Empire Club of Canada.

January 27, 2014

The Hon. Deborah Matthews

Minister of Health and Long-Term Care and Deputy Premier

ONTARIO ACTION PLAN FOR HEALTH CARE—YEAR TWO UPDATE

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Captain Reverend Eleanor Clitheroe, Former Deputy Minister of Finance, and Former CEO of Hydro-One; David Rounthwaite, General Counsel and Corporate Secretary, eHealth Ontario; Bert Clark, President and CEO, Infrastructure Ontario, and Director, The Empire Club of Canada; Jeff Jenner, Current Vice-Chair, Canadian Wind Energy Association, and Former Chairman, Capstone Power Development; Dr. Peter Nord, Vice-President, Chief Medical Officer and Chief of Staff, Providence Healthcare; Helen Angus, Acting Deputy Minister of Health and Long-Term Care; Sean Webster, Vice-President, Public Affairs, Shoppers Drug Mart; Saurabh Popat, Director, Government Affairs and Public Policy, Baxter Corporation Canada; Amanda Smart, President, Ontario Physiotherapy Association; Dr. Samir Sinah, Director of Geriatrics at Mount Sinai and the University Health Network Hospitals and Expert Lead, Ontario's Seniors Care Strategy; Norm Gale, Chief of EMS, Superior North Emergency Medical Service President, and President of the Ontario Association of Paramedic Chiefs; and Saad Rafi, Former Deputy Minister of Health and the Current CEO of Toronto 2015

Pan/Para Pan American Games.

Introduction by Noble Chummar

Canada is the envy of every country in the world. Canadians are as humble as we are proud. We are as industrious as we are compassionate. We are intelligent, healthy, worldly and are a society comprised of great people from every corner of the earth. Canadians like to complain about the weather and taxes, but secretly we love our four seasons and relish in the many services that our taxes afford us.

It was at this very podium that the father of universal health care, Tommy Douglas, then Premier of Saskatchewan, summed up the Canadian psyche as one that is innately compassionate and willing to share if by doing so it renders opportunity to equally participate in that benefit.

Our speaker today is the guardian of Ontario's health-care system. She is the Deputy Premier of Ontario and our Minister of Health and Long-Term Care. If you thought your jobs were difficult, the minister's job is to weigh the thousands of priorities that she receives daily and make it fit within her, believe it or not, limited $47-billion budget. I might be incorrect on that number.

I'd be willing to guess that there's a number of you here that would love two minutes of the minister's time to tell her how to spend that money. Dr. Deborah Matthews is a remarkable woman. She is someone who has been surrounded by politics from a very young age. Her father was the President of the Progressive Conservative Party of Canada. She rebelled and years later became the President of the Ontario Liberal Party and then Deputy Premier of the Liberal Government.

Dr. Deborah Matthews completed her PhD in Social Demography at the University of Western Ontario, where she also taught for many years. Deb Matthews is someone who brings compassion and intellect to the Cabinet table. She's proven to be one of Ontario's best ministers of health. She's been a champion of children's issues and poverty issues. Minister Matthews is here to update us all on her two-year update on the Health Care Action Plan. I ask that you all join me in welcoming her to our podium.

Deborah Matthews

Well, thank you Noble. Thank you to the Empire Club and a special thank you to all of you for being here today. It's a real pleasure for me. I have to tell you that there's a whole table of my family right here. It's great to have the support of the people I love and who love me.

I'm here to talk about a big Canadian project, one that impacts every one of us and the people we love. It's the sustainability of our uniquely Canadian, precious, universal health-care system. You may have seen a commercial recently of our Premier, Kathleen Wynne. She's running uphill in the very early morning. It's a cold, wet day. She tells us that she sets goals, really hard-to-accomplish goals. I can vouch for that. I can tell you that, in health, we've also set some really hard-to-accomplish goals.

Two years ago, that's what we did when we released Ontario's Action Plan for Health Care. It sets out an ambitious agenda to transform our health-care system. We all know that transformation is necessary. Our fiscal and demographic realities demand it. Indeed, our fiscal reality is further challenged by $640 million in cuts to transfers from the federal government. We're getting $300 million less in federal health-care transfers than we should when compared with other provinces. However, despite the challenges, our resolve is not shaken. Quite the opposite, because if we lose our resolve and if we fail in transformation, it would mean the end of universal health care. That's not okay. That's not okay for me, not for our parents, not for our grandkids. It's just not okay.

I knew when I released the Action Plan that transformation would be tough, that it would challenge relationships, but I also knew that together we could make it happen. That is, in fact, what we are doing thanks in large part to many of the people who are here today. I want to say thank you to all of you who have played a part in transformation and especially a big thank you to former deputy Saad Rafi, who has really made this happen. I must mention Saad Rafi's team as well.

At the time of the Action Plan's launch two years ago, I pledged to report back annually on our progress and that's why I'm here. We're two years in. I can report to you that transformation is well under way. It's in full swing. We've made fundamental improvements and changes to how we deliver health care, especially for our growing population of Ontario's seniors.

At the same time, we're doing something that many people said was impossible. We're significantly bending the cost curve. We used to see annual growth of about 6 to 7 per cent in our health-care budget. We are now down to just over 2 per cent. We hit our fiscal target last year. We did it this year and we're going to do it again next year. We're going to stay on track for the foreseeable future. That is the new normal.

This is the remarkable thing. At the same time that we're bending the cost curve, we're measurably improving the quality of and the access to health care. We're able to do both, because people who work in health care are demonstrating extraordinary leadership and innovation. They're challenging the status quo. They're showing us how we can do things differently and that we can do them better for patients. Instead of asking, "Does this change benefit me? Does this benefit my organization and my profession?" health-care leaders at all levels are asking, "How can we make it better for patients? How can we get better value for money?"

I'm reminded of the New Zealand physicist, Ernest Rutherford, who once said, "Gentlemen, we are out of money. Now, it's time to think." I think that perfectly describes health care, not just in Ontario, but everywhere. If it's better for patients and it's better value for money—often it's both—then it's up to us, all of us, to make that change happen. It is not always easy. We've had to make some pretty tough decisions. There has been noise. There has been opposition. There has been fierce opposition, but it's worth it.

Other provinces are following our lead when it comes to prescription drug reform. Here in Ontario, our reforms mean that we can reinvest $50 million a year in more drugs for more people and more services than pharmacists can offer, like the flu shot. Consumers are also saving with lower prescription drug costs. We're working with doctors to align the care we pay for with evidence-based best practices and to share in the benefits of technology improvements, meaning that we can now reinvest $400 million a year in new doctors and care for more patients.

Hospital leaders are helping us move from a global hospital budget to a funding model whereby funding follows the patients. Last year, we reformed how physiotherapy in seniors' exercise classes are delivered. As a result, 200,000 more people can get the care they need to be strong and healthy. I can assure you that more reforms must and will be made when they're better value for money and when they're better for patients.

We can look back after two years and see that the Action Plan is the right plan. We continue to implement it and I can assure you we're not deviating from it. Our work is far from done. Today, I can report that we've made significant progress on all of the initiatives set out in the Action Plan. I'm sure it'll come as some relief to you that I'm not going to list them all. That information is in the material at your table.

I do want to talk to you about some of the results that we've achieved. I want to talk about some of the next steps in transformation. I also want to show you some of the faces of this transformation, people who have inspired us, who are driving this change or who we hope to help with the change that is underway, because health is about people. It is only about people.

The Action Plan is built on three pillars. The first pillar is keeping Ontario healthy. We're focusing on preventing the diseases that have the greatest cost to people and to the system. One of those diseases is cancer. This is Kate Neale. She's a young woman from Belleville. She worked in a tanning salon and she was told that she had to tan, she had to tan often, and she had to tan regularly. Then she developed melanoma, a deadly disease. Thanks in part to Kate, last year the legislature passed the Skin Cancer Prevention Act, so hopefully there will be no more stories like Kate's.

Protecting our kids from cancer also means taking strong action when it comes to smoking. Our Smoke-Free Ontario strategy is already a North American leader. It's helped bring smoking rates from a high of about 25 per cent to about 19 per cent. In the Action Plan, we set a goal of having the lowest smoking rates in the country. That's a distinction currently held by British Columbia. They're at 15 per cent. That means we need to do more. We're proposing to double penalties for selling tobacco to minors, banning the sale of flavoured tobacco, and banning smoking on bar and restaurant patios and on sports fields.

The Action Plan also identified childhood obesity as a major driver of future health-care costs. There's no question that kids are less active, less fit and less healthy than they were just a generation ago and that something needs to be done to reverse that trend. We established the Healthy Kids Panel to follow the research and provide us with advice. They told us that action needs to begin at birth and even before birth. I was surprised to learn that supporting breastfeeding is perhaps the most important thing we can do to reduce childhood obesity. That's why we're offering every new mom access to breastfeeding supports, including 24/7 access to lactation consultants through Telehealth Ontario.

The Healthy Kids Panel also told us that access to healthy food is a big part of the answer. Now, 33,000 more kids in higher-need communities, including our First Nations communities, are getting access to expanded student nutrition programs. Making a difference in kids' health means we all have to make healthier choices. We need to have the information to make those healthier choices. That's why we're going to introduce new legislation, requiring the posting of calorie counts on the menus of large chain restaurants and other chains where readyto- eat food is sold.

If we're going to make a measurable difference in our kids' health, we know we can't do it alone. Legislation and regulation alone won't do it. We need all hands on deck. We need engagement and partnership from everyone in our communities, municipalities, businesses, nonprofits and families to get our kids healthy and active. That's why last week the Premier and I, along with PanAm/Parapan Am games mascot, Pachi the Porcupine, launched the Healthy Kids Community Challenge to invite communities across Ontario to partner with local organizations, to promote healthy, active living amongst our kids. This is based on research. It's based on the EPODE model that has demonstrated great results in France and around the world. I hope that some of you might consider playing a leadership role in your community by the import of the Healthy Kids Community Challenge.

Let's move to the second pillar of the Action Plan— faster access and stronger links to family health care. When it comes to faster access to family health care, we've come a long way and we have a long way to go. As you may have seen in the news last week, Canada trails the pack in patient access to same day and next day appointments with their family doctor. We need to do better. As long as people can't get timely access to their family doctor or their nurse practitioner, they'll turn to a much more costly alternative, the hospital ER.

There are some exciting things happening in primary care, especially when it comes to people with the greatest health-care needs. Now here's a statistic that really grabbed my attention: 1 per cent of us account for onethird of all health-care spending; 5 per cent of us account for two-thirds of all health-care spending. We really need to focus on people who have significant health-care needs. Community Health Links is a brand new, made-in- Ontario innovation that wraps care around our most complex patients and puts their family doctors or nurse practitioners at the centre of a single, unified plan of care. Most of these patients are seniors with complex needs. We're also finding that many, if not most, have mental health challenges as well. Rather than explaining, here's a two-minute video that describes how Health Links helps patients like Mary.

Start of Video

Can we provide better care for our most complex patients, including seniors with multiple needs? Meet Mary. With diabetes, a bad hip and emphysema, Mary has a lot of appointments, doctors and medications. Lately, she's in and out of hospital too. It's hard on Mary. Her daughter spends a lot of energy trying to find her way around the health system to help her mother get the right care. Mary is anxious. She just wants to be able to play with her grandchildren and visit friends.

Mary's family doctor is frustrated. He's not always up to date on what's happening with Mary's care. Has she been to the ER? Has someone prescribed new medication? Is she eating properly? With Health Links, things are changing. Mary and her daughter are a key part of the care team, including her family doctor, nurse practitioner, personal support worker, physiotherapist, pharmacist, Meals on Wheels and diabetes educator. Together they create a care plan based on what's important to Mary feeling well enough to play with grandchildren and visit friends.

Mary is assigned a care coordinator. Now when Mary has a problem, she has someone to call, so she doesn't need to go to the ER every time. When she must go to the hospital, staff have her care plan and know her medical history, so they can provide the best care for Mary. Through Health Links, everyone in Mary's care team shares information about Mary's health in a timely way. Now, Mary's family doctor knows what's going on with very part of her care and when to follow up. The care team's even arranged for Mary to be taken to a diabetes program each week. Mary and her daughter spend less time in hospital and at appointments and more time enjoying life. Everyone is feeling more confident about Mary's care.

Mary's doctor and the whole care team are connected through the Health Link and feel like they're truly helping Mary and her family. Now Mary's getting better care in a health system that's more efficient and effective and there for others who need it. Health Links is one way everyone in the health-care system is working together to make healthy change happen. To find out more, visit Ontario.ca/healthychange.

End of video

We now have 47 Health Links covering almost half the province. In the coming months, we hope the whole province will have access to Health Links. The establishment of Health Links isn't the only innovation that has shown me just how much providers at all levels of our system are thinking differently about how to provide better care. Here's a picture of Deb Wicks from Toronto EMS. Our paramedics are on the frontlines. They see close up when the health-care system is failing people, because those folks call 911 sometimes dozens of times a year. Paramedics would rather prevent the call to 911 than respond to that call. They have found ways to offer the familiar faces better ways to get the care they need often by referring them to other community services and sometimes just by dropping by for an unannounced call, rather than waiting at the station for the phone to ring. This is called Community Paramedicine. It's a very exciting innovation. You may have seen a story recently on CBC that highlights the results of Community Paramedicine in Renfrew County.

A recent Toronto EMS study showed that Community Paramedicine resulted in a 50-per-cent decrease in the number of repeat calls to 911 and a 65-per-cent decrease in the number of transportations to the Emergency Department. Over a period of six months, they saved $300,000 in reduced transports alone and they reduced congestion in hospitals. In Deb's words, they've barely scratched the surface. This is better care and this is better value for money. That's why last week, I announced plans to provide support for Community Paramedicine across the province. This is the kind of silo-busting, responsive, innovative, patient-centric area we want to be encouraging.

I'm delighted that Norm Gale is here. He's the President of the Ontario Association of Paramedic Chiefs, who has been a real champion of Community Paramedicine. Thank you Norm.

The third and final pillar of the Action Plan is right care, right time, right place. Getting the right care at the right time is why we've expanded scope of practice for registered nurses and registered practical nurses, so they can dispenses drugs in certain circumstances. Now, nurse practitioners can prescribe drugs and admit or discharge patients from hospitals.

Let me give you another example of the importance of getting care at the right time. This little boy is named Ethan Peters, a charmer of a little boy. His big sister, Brooklyn, died from a rare disease called SCIDS, Severe Combined Immune Deficiency Syndrome. Some know it as Bubble Boy Disease. It is deadly if it is not caught early. If it is caught early, it can be treated successfully. When Ethan was born, because there was a family history, he was tested for SCIDS. He tested positive. Because it was caught early, he was successfully treated with a bone marrow transplant and now he is doing well. Now we test all newborns for SCIDS, so hopefully we won't have another tragedy like Brooklyn, who didn't get the right care at the right time.

Ontario now has the most comprehensive newborn screening program in Canada. Just 10 years ago, we tested for only two diseases. Today, we screen for 29, so kids can get the care they need at the right time, sometimes in time to save their life.

Innovations help us support kids like Ethan. New health-care treatments and technologies are constantly emerging, providing new ways to improve care and get better value for health-care dollars. Ontario has a thriving, exciting life-sciences industry, employing thousands of people and exporting Ontario innovation around the world. We also have an excellent health-care system. We're determined to bring the two closer together to make sure they benefit each other and learn from each other. In short, we want to harness the potential of Ontario-made discoveries, because patients will get better care faster and new jobs will be created here in Ontario.

If there are barriers to innovation, I want to know about them so we can take them down. That's why my colleague, Reza Moridi, the Minister of Research of Innovation, and I have created the Ontario Health Innovation Council. It will provide advice on how to bring Ontario innovations to market. I think there's huge potential there.

A big focus of our Action Plan is to get ahead of the demographic shift and re-imagine how we can provide care, the best possible care, to the growing number of older Ontarians. That's why we turned to Dr. Samir Sinha to give us advice. Dr. Sinha is with us today. Thank you.

Expanding Community Paramedicine and improving access to physiotherapy, exercise and falls prevention programs were recommended by Dr. Sinha in his report, "Living Longer, Living Well," which, incidentally, has been downloaded 25,000 times by people around the world. He made 134 health recommendations. Those were only the health recommendations. He made others to other people as well. I'm proud to say that we are implementing or have implemented two-thirds of those recommendations.

At the core of transformation and at the core of Dr. Sinha's report is the notion of a shift from care in institutions like hospitals and long-term care homes to care at home or in community settings, because it's what people want and it's less costly. The shift became very real to me when my friend, Ken, had a stroke. He was in his 80s, a widower, active, and a father to a large, closely-knit family. He still lived in the seven-bedroom home in which he raised his family. After his stroke, many of his kids and his doctors wanted him to move into long-term care. Ken had another idea. Home is where he wanted to be. Home is where he was going. He put his foot down, end of discussion.

The Southwest Community Care Access Centre went into action. Through their Homes First Program, they arranged for Ken to be cared for 24/7 in his own home. He got better. He got stronger. Within weeks he needed less and less home care. He kicked them out. He didn't need that home care and he didn't need to be in long-term care. A year later, Ken had another stroke and he passed away, but he lived at home where he wanted to be until the very end. Ken's story is transformation in action. I think it's what we all want for ourselves. It also has ripple benefits throughout the system. Stories like this is why Ontario's long-term care waitlists are getting shorter. It's why there are fewer hospital beds being occupied by people who could be better cared for elsewhere. That's better care and that's better value.

Here's a picture of Pearl. Pearl is a home-care client in Kingston. Like Ken, she wants to stay at home as long as possible. Ken and Pearl are why we're holding the line in other areas of our health-care budget, so we can invest any scarce new dollars to support our seniors at home.

Last year, we allocated $260 million, by far our biggest new investment, in the home and community sector. It means we've been able to expand access to home care to 76,000 more seniors and we've expanded community support services like Meals on Wheels. We're caring for more people in supportive housing and in day programs. We're supporting dedicated caregivers through respite programs.

There's a big problem we must address in order to have high-quality home and community care for our parents, for our grandparents and for us when our time comes. Here's Juliet. Juliet is a personal support worker in Milton. I spent a morning job-shadowing her. Personal support workers (PSWs) in a home and community sector are at the frontline of our health-care system. They are the people who deliver care to the most vulnerable in their own homes. They are the very foundation of our transformation efforts. Make no mistake about it, without home-care PSWs, we cannot continue with our transformation agenda. We might not even be able to sustain the progress that we've made.

Last week, the Premier and I met with a group of PSWs who work in the home-care sector. They told us about the patients they care for and how much those patients mean to them. These

PSWs told us about the lengths they go to to make sure the people they care for are getting the care that they need. They also told us that they're struggling. In that meeting, I met Rachel, a 28-year-old woman who loves her work as a home-care PSW. Last year, she made $16,000 with no benefits and no guaranteed hours. That's why she still lives at home with her parents. Rachel told me she'd make more money working at Tim Hortons. She'd make a lot more as a PSW in long-term care or in a hospital. She wants to build her career as a home-care PSW. We need her to. She'd like to have her own place one day. I don't think that's too much to ask.

The system is struggling too, because each and every year, there's about a 60-per-cent turnover of PSWs in the home-care sector. Sixty per cent leave for other opportunities, better paying opportunities. That's highly disruptive for patients as their caregiver is constantly changing. Clearly there's something wrong. If we are to do better by our patients who need home care, we need to do better for the PSWs who are caring for them.

In the coming weeks, I'll be speaking more about this. We will build on our home-care PSW recruitment and retention strategy, including better supports for our PSWs. To tackle a challenge this significant will take time. It won't happen overnight, especially in the face of a tight health budget and growing demands for care, but we need to address it as the urgent priority that it is.

From the start, our Action Plan has been obsessively patient-focused. If we are to keep making progress, it's not good enough to just ask ourselves, "Is this change better for patients?" We need to ask patients, because the system is their system. It's there for them, not to mention they're paying for it. Meaningful patient engagement improves quality of care, improves patient satisfaction and is cost-effective. When patients are listened to and patients are heard, hospital stays are shorter and patient outcomes are better. Let me give you one example. The Toronto CCAC has introduced a new approach to home care. When a

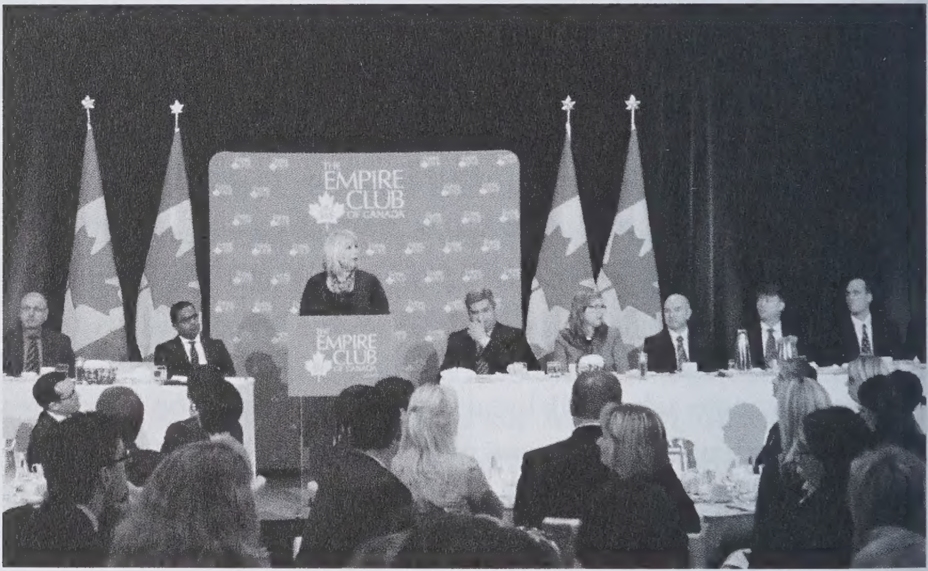
PSW enters a client's home, they no longer use a list of pre-determined tasks that they're required to do. Rather, they ask the client, "What are your top needs for today?" They started doing this because they listened to patients. As a result, outcomes are better. This is an approach that's moving to other CCACs. This is just one of many examples across Ontario that show how we're moving from a system where we provide care for patients to a system that provides care with patients and most importantly that we're listening to and learning from patients. That's why working with our partners including, most importantly, patients, we will embed meaningful patient engagement in the health-care system through the Excellent Care for All Act.

One of the most beautiful things about a focus on patient engagement and acting on their feedback is that people are happier with the care they receive. It leads to fewer complaints, but complaints do happen. We have a large and complex health-care system. It doesn't always work perfectly for everyone. We need to think of complaints as opportunities to improve quality. Just as we set standards now for hand washing and infection control, we're going to set standards when it comes to patient relations. That means hearing complaints in a clear, structured, and consistent way right across the health-care system and responding to those complaints in a respectful way.

Patients also need to know that they can turn to a third-party patient advocate when all local complaint resolution processes have been exhausted; someone who will advocate on their behalf to facilitate and help resolve complaints as they arise and also drive system-wide quality improvements. We will establish a new patient advocate after engaging with providers and patients alike on the best way forward.

Ladies and gentlemen, we have a plan. Transformation is well under way. Patients are benefiting. We're on the right track and we're going to keep going. We're going to keep on setting really hard-to-accomplish goals. Just like the Premier says, "We won't stop until they're done." This transformation plan will be put to the test in coming months, I expect. I'm proud to defend it. There are some who would put the sustainability of our universal healthcare system at risk by spending more than we can afford and avoiding tough decisions. Others have an agenda of across-the-board cuts that would inevitably harm the quality of patient care. What we will do is keep improving the care we deliver to the patients of Ontario. We will keep driving better value for our precious health-care dollars, so that our treasured, universal health-care system will be there for the patients depending on it tomorrow. It's going to be an interesting year. I very much look forward to being back for our third annual report on our Action Plan. Thank you.

The appreciation of the meeting was expressed by Sean Webster, Vice-President, Public Affairs, Shoppers Drug Mart.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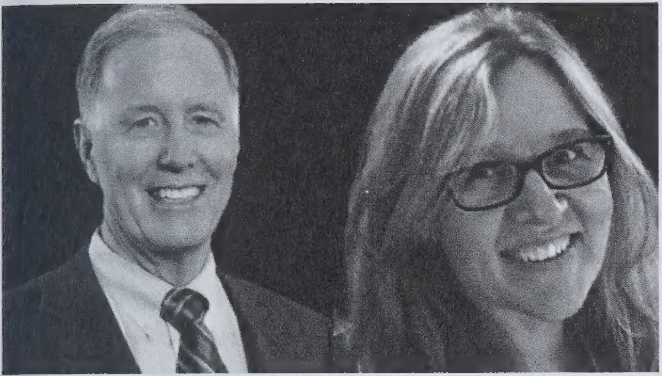


January 31, 2014

Jim Leech

Retired President and CEO, Ontario Teachers' Pension Plan

Jacquie McNish

Senior Writer, the Globe and Mail

CONFRONTING OUR PENSION FAILURES

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Verity Sylvester, Director, CV Management, and Past President, The Empire Club of Canada; Keith Ambachtsheer, Director, Rotman International Centre for Pension Management; Kent Emerson, Director of Operations, Office of the Hon. Charles Sousa, Ontario's Minister of Finance; Julie Pauletig, President, Ontario Teachers Federation; Mike White, President and CEO, IBK Capital Corp.; Bill McFarland, CEO, PricewaterhouseCoopers LLP; Tom Kloet, CEO, TMX Group; William White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada; Ian Russell, President and CEO, Investment Industry Association of Canada; Eileen Mercier, Chair of the Board, Ontario Teachers' Pension Plan; Noel Archard, Head

Managing Director, Blackrock Canada; Philip Crawley, Publisher and CEO, The Globe and Mail; and Stephen Dekuyper, Chaplain, King-Bay Chaplaincy.

Introduction by Noble Chummar

While we are a club deeply rooted in history, nobody can ever accuse the Empire Club of not being ahead of the curve when it comes to current affairs of this nation. It was only this past Wednesday that the Premier of Ontario appointed former Prime Minister Paul Martin to investigate the feasibility of an Ontario Pension Plan.

Today's talk is about pensions. Financial security is the means to many of our necessities of life. We are a nation that is concerned with the welfare of our fellow citizens.

In 1963, at this very podium, the Right Honourable Lester B. Pearson, Prime Minster of Canada, outlined his vision for the Canada Pension Plan. The prime minister believed that all Canadians, regardless of means, should be entitled to a basic pension, bridging the distance between dependence and dignity.

To introduce our speakers today, please welcome Mr. Tom Kloet, Chief Executive Officer of the TMX Group.

Introduction by Thomas Kloet

Thank you, Noble. Good afternoon everybody. Since 1903, the Empire Club has played an important role in national and international debate. If a subject matter is important, we know that at some point it's going to be discussed right here at this forum by people who really know the subject and what's going on. There are few more timely issues to discuss than today's subject—our pension system. I'm truly privileged to have the chance to introduce today's speakers.

Jacquie McNish is a senior writer with the Globe and Mail. You'll also recognize her from her work as a host on BNN. Jacquie is an award-winning business journalist. She has won six National Newspaper Awards, and is the author now of three best-selling books. She also teaches a seminar, Investor Rights and Shareholder Activism, at Osgoode Hall Law School. It's great to have Jacquie here to share her insights with us today.

Alongside Jacquie, we have another familiar face to many of us, Jim Leech. Jim retired as president and CEO just a few weeks ago after more than 12 years at the Ontario Teachers' Pension Plan, one of the largest pension funds in the country and a major investor worldwide. Jim's career highlights include leadership roles in the realm of private equity as well as several public companies. His experience is spread across a broad spectrum of the Canadian business landscape at each phase of a company's life cycle.

Jim has led a merchant bank, an integrated energy and pipeline company, and he has helped technology startups navigate through the challenging early stages of development.

The pension issues inevitably impact the lives and careers of all Canadians. Unforunately, it is also a problem that few are willing to face, and one that fewer still have he temerity to solve. Tackling this subject matter is an enormous challenge, but Jim and Jacquie have done just that and, importantly, raised the quality of this discussion along the way.

With that, I will let them tell you more about the book, the hard lessons we need to earn and, importantly, the necessary steps we need to take to work our way through his problem. Jim and Jacquie, thank you.

Jacquie McNish

It's the first time we've talked about pensions sitting in thrones.

Jim Leech

Thank you very much, Tom.

A little bit of background. A motivation for this book was the frustration that both of us had back in 2012 as we saw the pension debates start to evolve. We felt that they were really focused on the wrong areas. They were focused on things such as pension envy, this fruitless debate of defined benefit versus defined contribution, and we felt that this really was more a story of people arriving at retirement with insufficient savings, particularly in an environment where longevity keeps increasing and interest rates and returns are low.

We set out to write "The Third Rail" as a book dedicated or aimed at educated Canadians who want to engage in the debate, but they are a bit bewildered, overwhelmed, and frightened by the whole subject. We wanted to try and make it simple. It's 180 pages, small format, large print. If it takes you three and half hours to read it, you're kind of slow. It's written as a series of short stories. It does not have an economic tone. There are no charts and graphs and tables, etc. Even my children said it was quite engaging, and that's a compliment.

Anyway, pensions are on the top of the agenda these days. They're on the verge of becoming very significant election issues. They're dominating and have dominated the politics and elections in three jurisdictions—New Brunswick, the Netherlands and Rhode Island. As Tom mentioned, they are probably going to become an issue in the next Ontario election, if not the next Canadian election. Why is that? Well, it's the simple fact that 40 per cent of our work force, some seven million workers, will be retiring in the next 20 years. Generally speaking, they haven't saved enough. Sixty per cent of our work force today does not have workplace pensions, RRSPs have been a dismal failure, people are living far longer than they ever expected, and many of our existing pension plans are not sustainable. We called it "The Third Rail" because that's, of course, the electrified rail in the subway that everybody is afraid to touch because you'll get killed if you touch it, but it is time that our leadership does grab that third rail and start confronting this issue.

Jacquie McNish

Jim has talked about the leadership vacuum that exists in Canada and in many other countries. It is a career killer. That's the perception, politically. We are starting to see this change when there are more urgent and pressing pension crises in various regimes.

What happens to the debate when there's a leadership vacuum? We strongly believe it's badly misinformed and it's defined today in Canada and many other countries by pension envy. Sixty per cent of Canadians don't have pensions. The majority of those that do are public sector workers. Taxpayers feel that they shouldn't be there. You've got younger generations; we've got young students from Centennial College here. I wish you luck. You'll be propping up a lot of pensions of older people that, if we don't change things, you won't be getting. There's inter-generational risk. You have the haves and the havenots.

The best way that I can tell you about what this means, what the debate means and how misinformed it is, is with a fable that I heard when I was in Central Falls. One of the chapters and case studies we do is Rhode Island, which really was in a crisis state. It had gone over the cliff as a result of pension deficits. In Central Falls, they declared bankruptcy. It became a very ugly situation between the taxpayers and the pensioners, most of them police workers, fire workers and municipal workers. The taxpayers had seen their property taxes rise as the city coped to deal with this, not by rolling back the benefits or creating a more sustainable pension system. They cut services. They raised taxes. The taxpayers were done.

I met this woman who had been a consultant in Russia with McKinsey & Co. for years and came back to her home state, Rhode Island. She said, "I thought Russia was messy. This place is really messy." She said, "I heard a fable once that best describes what happened here with the pension crisis." If you know anything about Russian fables, they love the golden fish. The golden fish is a magical creature in the fables.

The fable goes like this. A poor farmer only has one cow. He and his wife beat out a very meagre existence. One day, the cow dies. He's distraught. His livelihood has disappeared. His wife says, "I can't take this anymore. Stop the kvetching; go out and go fishing." He goes fishing and, lo and behold, he pulls up a golden fish. The golden fish says, "I'm a golden fish. I can grant you any wish you want. What would you like? Please save my life and you will get this wish." He thinks about it for a long time, and then kind of a nasty smile crosses his face. He says, "I know what I want. I want my neighbour's cow to die."

That's the pension debate today. That is the most dominant pension debate. The people here know this, because they know that they want to take away the public sector defined benefit because they don't have it. They feel that taxpayers are paying for it. Jim got me hooked on this book because he told me how wrong that thinking was and, in fact, how the math just didn't add up. I'm going to hand the conversation over to Jim, and he's going to tell you why that farmer in Russia is wrong.

Jim Leech

The book concludes with three recommendations. I'll tackle the first one that Jacquie's thrown out as a challenge and that is the fruitless debate between defined benefits and defined contributions. One of the points we make is we need to stop this migration that's gone on from defined benefit to defined contribution. Why is that? It is irrefutable, mathematically, that the defined benefit structure for a pension plan is far less expensive than the defined contribution structure. That is probably piercing a whole bunch of urban myths because, in many quarters, defined benefit is bad and defined contribution is good. It's really a question of where the risk is placed but, mathematically, it is far less expensive to have a defined benefit plan. The reason for that is that you can pool all sorts of risks. Investment risk, but more particularly, the longevity risk.

In a defined benefit plan such as the Ontario Teachers' or others, we need to save up enough money to get to the actuarial mean of when it's predicted that people will die. If you're in a defined contribution plan, it's every man for himself. You basically have your own little account and you must save enough money to last to the very far righthand side of that actuarial curve. If you're going to live to be 105, you don't want to run out of money when you're 102, because the last three years won't be a lot of fun.

We spent a fair amount of time in the book piercing that urban myth and explaining that the defined benefit model is the superior model. However, that's not to say that we defend the stereotypical 1970's defined benefit plan that was built. There needs to be a far more appropriate sharing of risk and cost as between the sponsor, aka the employer, and the employee.

We talk about target benefit plans. We talk about hybrids. We talk about evolved plans. We're talking about keeping the basic structure of defined benefit because it's so efficient and effective, but introducing a risk-sharing concept.

Here are some fast statistics about the defined benefit plans that we picked up in our research. Interestingly enough, for recipients today in Canada, there's approximately $68 billion to $72 billion paid to retirees from existing defined benefit plans. Those retirees pay somewhere between $14 billion and $16 billion in taxes. Everyone always thinks that the dollar that goes out on a pension is kind of lost, but retirees pay taxes. They spend on the economy somewhere between $56 billion and $63 billion. Approximately 11 per cent of the income of every small community in Ontario is the income of a defined benefit pension recipient. It's a huge component of our economy.

One last fact before I turn it back to Jacquie is in looking at the defined benefit model. There's always this perception that the taxpayer is paying for this, etc. The facts of the matter are that around somewhere between 20 per cent and 25 per cent of the dollar that goes out as a pension payment comes from contributions. In the case of teachers, approximately 12 cents comes from the teacher who paid in and 12 cents comes from the employer. The balance, 75 per cent to 80 per cent, comes from the investment returns. It's a very, very efficient model.

The alternative is the Guaranteed Income Supplement (GIS) and the Old Age Security (OAS) payments. Those come out of general revenues. Every dollar comes right out of the taxpayers' pockets. Right now, OAS and GIS represent the single-largest line item in the federal government's budget. It's $38 billion. By every projection it will triple in the next 16 years. That's what we're trying to avoid.

Jacquie McNish

Jim's given you some very important numbers to sort of lay out the landscape. We can either deal with it now or deal with it later, and pay more as taxpayers. Pensions are more than numbers. Pensions are about people. What we discovered in doing our research for the three case studies— New Brunswick, Rhode

Island and the Netherlands—was that it takes people to fix this problem, and it's the people who are affected by this problem. In each of these regimes, we discovered extraordinary people—outliers, mavericks who were willing to approach this from a very different point-of-view—overcame hurdles, biases and resistance, constant resistance, to do what needed to be done.

The first one I'm going to tell you about is New Brunswick in our backyard. New Brunswick is what we call ground zero in Canada's pension crisis because the children of the baby boomers left a long time ago. This is a have-not province, resource-based. They had to leave the province to get jobs. The pension crisis hit New Brunswick faster than any other province in the country. You layer in the crisis with pulp and paper and other resources; it's a grim situation. The financial crisis hits and the province of New Brunswick is looking at a downgrading. You know what a downgrade means to a government. It's just going to cost them a lot more to pay for everything.

The extraordinary thing about New Brunswick is that it was heading towards a cliff. People had public sector pensions they could no longer afford. The people who were the catalyst for the reform were in the unions. They worked with the Conservative premier, which is truly an extraordinary thing if you think about it. It involved one nursing union and one hospital workers' union, where they were looking, after the 2008 financial crisis, at potentially— I may have my numbers slightly wrong—I believe a 60-per-cent increase in their contributions or up to a 50- per-cent reduction in their benefits. They were looking at not retiring when they hoped to and massive reduction in their benefits. There were a lot of complicated ins and outs in terms of what they did in the courts and the jurisdictions, but they worked with David Alward, the Premier of New Brunswick, and they resolved this problem.

David did something very interesting. He made it voluntary for the various public sector unions and groups to join in if they wanted to, rather than ramming it down their throats. It was sort of a fairly calculated move because he knew they needed help. If they wanted to be part of this model, they were going to have to come in. It's still a fight. It still grabs the headlines in New Brunswick, but more and more of the public sector groups are coming in.

At the end of the day, what do they have? They have what Jim referred to as a shared-risk model. If you are underfunded under the shared-risk model, the beneficiaries, the members of the pension fund, give up benefits. The quid pro quo in this relationship is solvency. You can no longer be underfunded. You have to be fully funded. There's just no wiggle room like there is today for many funds. The worker gets the security of a more sustainable pension plan and allows the employer to temporarily suspend such benefits at cost of living if they can't afford it, if they're under-funded.

Jim Leech

My favourite part of the book is the Rhode Island story. As Jacquie said, it's about people. The lead character is a young woman who's the state treasurer. Her name is Gina Raimondo. She grew up in a poor family in Rhode Island, went to public school, took the bus, studied in libraries, etc. She went off to Yale, Harvard and Oxford. She came back and had a successful venture capital operation on Wall Street.

She read in the paper about bus routes being closed and libraries being closed, etc. She said, "People will not be able to live the American dream that I did unless that's fixed." She left her job, decided to run as a neophyte, had never run before, on a platform of pension reform. She was advised against it by everybody in the Democratic Party right up to the White House, but she did it and she won in a landslide.

She produced a document called "Truth in Numbers." She held a countless number of sometimes very hostile town hall meetings explaining in a very dispassionate way how reform was required, etc., and eventually got it through the legislature, even though the governor didn't necessarily support it to begin with. It is an interesting name. Keep it in the back of your mind. You'll probably see her run as governor. I wouldn't be surprised if you see her in some capacity in the White House in the future. This is a real dynamo and someone who had the guts to grab the third rail with both hands.

Jacquie McNish

One of the things we learned from meeting with Gina Raimondo was how she dealt with what is arguably the toughest political issue or employer issue in the pension debate, and that is it's immoral to change the terms of the contract. She would look the very angry retirees and union leaders in the eyes and say, "No. It's immoral to close the schools, to stop the buses." It's a very interesting approach. They were in crisis. It's not going to be the same for everyone.

Jim is about to give you his top-three reform proposals, which truly are the heart and soul of the book. I want everyone to think about questions. You have a unique opportunity here to talk to one of the country's best experts in pensions. We've had very robust discussions with every group we've talked to, and we hope you folks will continue that tradition. Here comes the top three.

Jim Leech

The last chapter has the three recommendations. The very first has to do with our concern for people who are earning $30,000 to $100,000 a year. If they're depending on Canada Pension Plan, OAS and GIS, they're in for a big shock in how their standard of living will change. Our recommendation is for a modest increase in the Canada Pension Plan. There are all sorts of different models that have been put forward. We mentioned one that we think works in the book, but we're not wedded to it, which would see contributions to Canada Pension Plan phased in over time increase from about $2,300 to about $2,900. We don't believe that that's a huge hit. It's basically aimed at people who are at an income level well above the average of the workers whose employers are members of the Canadian Federation of Independent Business. It shouldn't really impact them that dramatically.

The second one is what I talked about before—to stop this foolhardy migration from defined benefit to defined contribution, and see an evolution to the standard defined benefit programs so that, indeed, you have something that is sustainable and secure for employees.

Our third tries to address the 60 per cent of Canadians who do not have workplace pensions. The federal government and most of the provinces are picking up on a new plan called PRPP, but we think it needs to be changed. Some different elements need to be added to that because we don't think it'll work as it is. It's just another four-letter word as opposed to RRSP, which we know has been a huge failure. In this recommendation, we would see that contributions and membership would be mandatory because people will not save if it's voluntary. Secondly, there needs to be far greater emphasis on cost control and keeping down the costs of administering and managing the pensions, which likely means larger pools. The third is this. In a defined contribution model, you don't find out how much money you have to live on until the very last day. The very last day, when you retire, you open the box and you find out how much money you've got for the rest of your life. We believe that, say starting around age 40, some portion of your defined contribution savings need to get annuitized into deferred life annuities so that when you get to that magic day, as I did 24 days ago, you do know that you've got a certain amount that's guaranteed for the rest of your life. It takes that anxiety out of the equation.

Those are our three recommendations. We don't think they're terribly revolutionary. This subject has been studied time and time again. It's now time to take action.

The appreciation of the meeting was expressed by William White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada.

March 20, 2014

Peter Aceto

President and CEO, ING Direct

LEADING IN TIMES OF CHANGE— THE CORNERSTONES OF TRANSFORMATIONAL CHANGE

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Terence Nelson, President, Centennial College Students Association; Siobhan Desroches, Marketing Specialist, QP Briefing; Andy Kent, CEO, McMillian LLP; Ted Griffith, Chief Strategist, The Fixers Communications Group Inc., and Director, The Empire Club of Canada; and Doug Williamson, CEO, Beacon Group.

Introduction by Noble Chummar

It gives me great pleasure to introduce our guest speaker today— Mr. Peter Aceto. Over the past century, the Empire Club has had hundreds of bank CEOs speak at our podium. In fact, just this year, Rick Waugh addressed the club and, in a few weeks, we have the Chairman of the Bank of Montreal.

Our guest speaker today is someone who does not fit the mold of a Canadian bank president.

One of the only cool things about being the CEO of a bank is having the biggest corner office on Bay Street. Peter works at a desk n an open concept layout among his executive team. Under his leadership, ING Direct has developed a corporate culture unlike any other financial institution in Canada. ING Direct is known for being first to market technology and embrace the mobile world. He has been named one of the top-50 social CEOs in the world and is known for personally responding to social media.

Peter started at ING Direct over 16 years ago. He worked for the U.S. side of the business until returning to Canada in 2008 to assume the role of CEO.

Now I mentioned that Peter does not fit the mold of your average bank CEO. Recently, Peter competed in an endurance challenge called Tough Mudder. For those of you who do not know what Tough Mudder is, I have clipped the Wikipedia entry for you. It reads:

"Tough Mudder is an endurance event series in which participants attempt a 19-km military-style obstacle course. Designed by British special forces to test mental as well as physical strength, obstacles often play on common human fears, such as fire, water, electricity and heights.

Ladies and gentlemen, please welcome our guest speaker and a serious Tough Mudder, Mr. Peter Aceto.

Peter Aceto

I'm very excited to speak to you about change, a topic that has defined much of what we do at ING Direct. You know, change is not easy. Many run away from it. With change comes uncertainty. It seems easier to do what we know for sure, doesn't it? It is easier to set the goals we know we can meet, but surely you know this doesn't get us far. People have a tendency to fear the unknown, but there are some who understand that change creates opportunities. Change is, in fact, good!

But I'll tell you something that is a little more provocative. You either change or you die. It may be a quick death or a slow one—but death nonetheless. A strong statement, I know, but this is the reality we live in.

I try my best to have my ear to the ground, meeting people, talking to leaders of businesses of all sizes including entrepreneurs—recently in Toronto, out East, out West, in Silicon Valley, Israel and India. Some of these conversations suggest to me that many businesses have their backs against the wall. They find themselves in a very tough predicament. To me, this is both unfortunate and unnecessary.

Change has been rampant around us for some time now; it has been fast and accelerating. Today, you either position your organization to adapt quickly or you'll end up with your back against the wall. You change or you die—now or later—with you in the captain's chair, or not. That is what I want to talk about today.

The key to transformational change is to create a sense of urgency to challenge yourselves, your employees, your industry, and your customers, to look ahead, to think bigger, create, innovate, to shake it up, to make a real impact on the world. My experience has shown me that people underestimate their personal capacity for change. This is where your leadership is most needed.

How do you get the people around you including your customers to believe that change is good? That it's vital? Not just a little bit of change, but big fat change. The kind of change that leaves "a dent in the universe" as Steve Jobs famously said. So, how do you get them to believe? I'll get back to that.

So we agree that change is guaranteed. So we either manage it, or it manages us. Take Jack Welch's perspective on the matter when he said, "Change before you have to." Change before you have to! I like it. Simple, poignant.

At ING Direct our core values, the foundation of who we are, were built to embrace change. After all we started as a telephone bank in 1997 offering only a savings account. Think about that time. The way things were done.

We embarked on a mission to not only change the way banking was done, but to transform the way Canadians think and feel about banking—what they expect from banks and what they believe about the role a bank can play in their lives. We wanted to change the industry!

It wasn't a small matter. Banking had been done one way, and one way only for 175 years! As a brand marketer said to me only a few weeks ago, because of ING Direct, banking will never be the same in Canada. Even the world.

In 17 short years, we've evolved our business from a telephone bank to an Internet bank and soon to a mobile bank. Most recently we've even allowed our customers to make a deposit simply by taking a picture of their cheque with their mobile device.

We are a bank with nearly two million customers without having one branch! We did this by thinking big and the only way we will survive (to not die) is to challenge ourselves to think even bigger. And we are. Why?

Our competition is changing, catching up. Most importantly, our consumers' habits have and continue to change too, and so have their expectations. The number of households banking online—while unimagined in 1997—increased from 3 per cent in 1999 to 54 per cent today. Roughly 300,000 Canadian households to 6.5 million households. That's 20 times!

For over 150 years, a branch was the primary way Canadians accessed their bank accounts. Web banking didn't even exist in Canada 16 years ago, but today it is the number-one way people access their accounts in Canada!

Mobile is an even more dramatic story although it is not finished yet. In 2010 (only four years ago), one of 20 Canadians used their mobile device to do some sort of banking. Just two years later (2012), one of three Canadians accessed their bank accounts using their mobile device. One of three Canadians today expects to use their mobile device as their primary banking tool in the near future! At ING Direct, between 2010 and 2013 our mobile client usage increased by 1,430 per cent and now accounts for nearly 20 per cent our clients. This is unprecedented! This is amazing! And this applies to other industries and sectors as well. And the way things are going, banking will look completely different five, 10, 20 years from now.

I want to talk specifically about remote cheque deposit, as a case study for change. It is an excellent example of what I mean when I say we need to challenge ourselves to make change happen. Taking a picture of a cheque from your couch or dinner table and depositing it directly into your bank account was simply not an option in Canada 12 months ago. Not until we introduced it.

We had a vision that it would be possible for all Canadians to deposit their cheques immediately in their banks without the need for a trip to a branch, ATM etc. At the time, the payments' rules in Canada did not permit this. We proceeded regardless, investing in and building the capability. We hoped the rule would change but certainly considered the possibility of launching this important capability without a clear rule allowing it. Or at least we would work hard to have the rules changed.

The world changes around us as I've discussed but it takes people to push harder to ensure the world changes faster.

The speed of change benefits some and is a problem for others. So, as Canadians, or in our case, we must enable our organizations to be nimble so change becomes our friend not our enemy. If change is your friend you can push the change agenda harder making your competitors uncomfortable. They will push back; they may slow you down. Pushing will put pressure on rule makers too. But, if your change is good for consumers, if it will make their lives better the rules will change.

In the case of remote cheque capture, consumers absolutely love it. It made sense. It simplified their lives. It is fun to do too. It saves time, money, the environment. It's good for business too. Like many other innovations we've brought to the market, this one has lead to a lift of new clients joining the bank by 17 per cent. But if you keep pushing it will happen. It will happen!

Now, benefits of change don't accrue completely on day one, but starting your vision of change, learning, adapting and evolving are key. Change, transformational change, takes patience, resolve, stick-to-it-ness. It requires the hardest work at the beginning and momentum will keep it going.

I love the metaphor from Jim Collins book "Good-to- Great." He referred to a giant heavy flywheel. Getting it to move takes lots of energy. You need to apply great force, hitting away with resolve, consistency, energy. But when the heavy wheel starts moving, it becomes easier and easier to keep it moving to the point where it can barely be stopped.

In society, we look at big change at times as if it happens all at once—social media, the Web, mobile, e-commerce, yes, direct banking, etc. The reality is someone is working away at these changes for a long time before we notice them. When we notice them, we notice them all at once.

Change is not easy and it certainly is not quick. Some smart organizations have figured that out, organizations like Google, Apple or Facebook.

Who here uses Hailo or Uber? Why not hail a cab from your smartphone app without stepping outside! These companies are revolutionizing their respective industries.

Anyone remember Blockbuster? Here's a great example of a business that in my opinion did not have to die. You know, Alan Kay has a great saying, "The best way to predict the future is to invent it." That's what Netflix did. They understood what Blockbuster failed to see.

Success today does not mean success tomorrow. So you have two choices: You can sit and watch the transformation happen, or you can be an active participant. It is much harder to reinvent who you are than to start over. The transformational change Blockbuster needed would have taken much more energy than creating a brand new Netflix. But you don't need death to be reborn.

Now, I am aware that there is a different side to change. Change sometimes happens to you; is not instigated by you.

For example, in June 2012, I received an email that said "Peter, could you please come to Amsterdam tomorrow?" I would soon be told that ING Group had decided to sell our business. I was not surprised but it felt surprising when I heard the news. You get a call one day after 15 years in business, and you're told there's a sale process, and you can't tell anyone about it!

So now what? I'll preface my answer by saying, "There is no home-run formula for how to manage change." This is because people are very different when it comes to change. Everyone perceives change through his or her own filters. What is 10-per-cent uncertainty or discomfort for Julia can be perceived as 100-per-cent chaos for Reggie. Individual perception matters. Equipping people (employees for example) with information is likely the single most important thing a leader can do, even when you can't share it all.

I had the fortune to chat with Simon Sinek recently as he was promoting his new book "Leaders Eat Last," and asked him specifically about communication in times of change. His answer was incredibly helpful to me at a time when I needed some reassuring. He said, "Share whatever information you have as quickly as possible, as openly aspossible, and even if you can only say a little say it!"

It may sound a little radical. But people don't expect only good news. Your employees are smart—hopefully! So a leader must be straight, quick and direct with whatever he or she can share. And you simply cannot over-promise. You can't get ahead of the information. You have to manage it everyday.

Did "I" get this right? No! And this is a lesson learned. I did share as much as I could, and I was honest, maybe even took some personal risk. But I was too fatherly, too protective, too reassuring. So be straight. Don't paint a rosier picture to make people feel good.

I'm sure that this has impacted my credibility metre to some extent, which I had invested a lot in before and since. This is why we build up our trust, loyalty, credibility tank as leaders for times when we really need it. For times when we don't get it 100-per-cent correct, when we make a bad decision, when we need to change.

Change is a word we hear plenty of times. You are starting to hear about "transformational change" more and more. I think the difference is very important for leaders to understand, because they are different and require a very different approach.

"Change" is the simplest for us to understand. It is quite aligned with how humans have done things. How we are taught in school and often encouraged and rewarded at work. Simple change begins when you use the past as your starting point. You are focusing on improving on the past, something that already exists. The language is about making things better, faster and cheaper.

Transformation is altogether different. With transformation you start with a vision of the future and you take steps to make this vision a reality. You need to free yourself from the constraints of the past. Transformation is not about making something better, faster or cheaper. It is about giving birth to something completely new. It's about thinking big and bold. It's about using creativity and unique thinking to create something completely new.

Of course we need to continue making incremental improvements to our business processes, but making thoughtful and giant leaps forward is the key to sustained success in a rapidly changing world. Transformational change is irreversible and lasts forever. It is defined by radical breakthroughs in paradigms, beliefs and behaviour.

Gandhi once said, "We must be the change we want to see happen in the world." He was talking about civil rights, independence and freedom.

I am talking about business. Much simpler I would think. How do you get your employees to buy-in to your transformational change agenda? How do you get them to bend, but not to break?

Well, the short answer is you don't. They do. All you as a leader can do is be clear about what is changing and why. Sharing your vision is crucial. But what makes the vision come alive is when you take your employees on the journey of where you are today and where you intend to be tomorrow. It is the stories you tell, the inspiration you impart that make your vision real, understandable, exciting—even palpable.

And what is in it for them? Excitement, opportunity, growth and true pride that what we will have accomplished as a team and as individuals will be truly incredible.

So, leaders, instill a sense of urgency in your teams. List the possibilities that come with transformation. But you don't have to have all the answers, all of the details, all of the time.

We start with the vision, the why and areas of focus for the business, but it is up to the team to understand and figure out the how and when. Of course leaders must be consistent, repetitive, and help make the change relevant for people. What I've learned is that people want to know that there will be more excitement, more growth, more opportunities for them. They need to know what it means for them. And very importantly, never fool them into believing that change is easy. Change is exhausting! But the rewards are worth it.

Embracing transformation is a very personal decision. I've certainly met a lot of people who are simply not comfortable with uncertainty. I've also met and worked with many, many, bold individuals, who have experienced transformation, learned its value and have become comfortable with it, even love it.

Our job is to get anyone who has the slightest inkling of excitement for the unknown to be as comfortable as possible. There's probably a good 10 to 15 per cent of your organization or team that you'll never be able to influence. But if you can get the most open and easily inspired people on board, then you're in a better place to later influence the skeptics.

As some of you may know, we recently announced our name change from ING Direct to Tangerine. I am sure that even in this room, there will be the 10 to 15 per cent of you who might just think we've lost our minds, while 10 to 15 per cent of you completely get it.

Everyone in between needs time to embrace it. That's exactly what we expected would happen. But for our business, this was the time to make a bold move to transform our identity and set the tone for the future—to make a promise that is bolder than ever before, that will inspire our teams to achieve things even they didn't think were possible and to transform the way Canadians view the role their bank should play in their lives.

Look, ING Direct has always been a different type of bank and the name Tangerine reflects that difference. It is bold, because we are exactly that, and it is radical for the financial services industry, something that's very important to us.

It's not a small change. It's a transformation that we embarked upon to scale our business and take giant leaps forward. We are dreaming bigger and stretching our vision wider than ever before. You might think it is a reincarnation of some sort—maybe even ING Direct on steroids.

We plan to create an experience that Canadians do not even know is possible. That is the goal—to transform and excel, and to grab change proactively so we are not changing later to avoid our death.

But when you are changing you can't lose the best of who you are. That cluster of things that make you special, make you different, made you great. Know what they are. Protect them. Amplify them. You rotate around your strengths to meet the challenge of change.

Big thinking and the audacity to trust yourself and your team in making good, smart, and calculated decisions that separate you from the crowd—not just by a little, but by a lot—have always been at our foundation. And they will be the driving force of where Tangerine is headed.

Transforming a business is a rare opportunity. There are few opportunities in the world where you have the ability to re-shape a business, a business that is already highly successful with a solid purpose, and mold it into something bigger and bolder without losing its values. Your teams must believe this opportunity is for them too. But, only they can do that. They, like you, have to make a deep personal choice about whether they are up to the task and about whether they believe the vision or not.

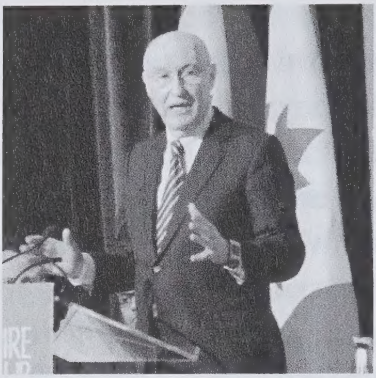
Transformational change is super hard work. It is not the easy path by any means, but the prize can be incredible. Change always begins within—within each and every one of us. We either decide that we are up to the task, or we aren't. That's what it takes.

As it relates to change, I particularly like John Kotter's perspective on transformational change from his book "Leading Change." "A higher rate of urgency does not imply panic, anxiety, or fear. It means a state in which complacency is virtually absent." I bet that the state Dr. Kotter references is exactly the state in which Andy Grove transformed the business of Intel.

Andy Grove famously said, "Success breeds complacency. Complacency breeds failure. Only the paranoid survive." To which I will add, and thrive!

Thank you for having me here today.

The appreciation of the meeting was expressed by Ted Griffith, Chief Strategist, The Fixers Communications Group Inc., and Director, The Empire Club of Canada



April 3, 2014

John Campbell

President and CEO, Waterfront Toronto

OUR WATERFRONT—PROGRESS REPORT

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Captain Philip C. Ralph, National Program Director, Wounded Warriors Canada; Robert A. Howald, Senior Vice-President, Real Estate, Canada Lands Company; Mark Cowie, Executive Vice-President, Colliers International; Jeffrey Brown, Executive Vice-President, Chief Strategy Officer, Porter Airlines; Dr. Gordon K. McIvor, Executive Director, National Executive Forum on Public Property, and 3rd Vice-President, The Empire Club of Canada; Bud Purves, CEO, York University Development Corporation; and David Gerofsky, CEO, First Gulf Corporation.

Introduction by Noble Chummar

For thousands of years, the area known today as the City of Toronto has been used by its inhabitants primarily for its proximity to Lake Ontario. Since the arrival of European settlers in the 18th century, the City of Toronto has transformed from a trading post off the Humber River to one of the largest cities in North America. Toronto and Torontonians are proud of many things—our safe neighbourhoods, our exceptional quality of life, our parks, our world-class tourist attractions, our ethnic and cultural diversity, restaurants, bars and festivals. We have it all. One of the greatest aspects of our great city is that it also sits on the northern shore of a calm and beautiful great lake.

The Vice-President of the Empire Club, Dr. Gordon McIvor, reminded us last week that at this very podium in 1951, the famous Canadian politician, C.D. Howe, addressed the club and spoke about the potential of Toronto's waterfront and the access to the then proposed St. Lawrence Seaway.

Today, over 50 years later, we are delighted to have our guest speaker address the club on the progress report of Toronto's waterfront revitalization.

John Campbell is the CEO of Waterfront Toronto. He has a lifetime of experience with real estate development and urban transformation. As an executive with Brookfield Properties, Mr. Campbell oversaw the development and preservation efforts of Brookfield Place. Mr. Campbell has spent over a decade concentrating his efforts on transforming and enhancing our city's waterfront. Please join me in welcoming Mr. John Campbell to our podium to provide us with a progress report on Toronto's waterfront.

John Campbell

It's a pleasure to speak to the Empire Club today. I'm always grateful for the opportunity to talk about what Waterfront Toronto is doing and why we think it's so important to this city.

I'm here today to bring you a progress report on the work we're doing, but also to view that work through the lens of economic growth and competitiveness.

At the half-way mark of our 20-year mandate, we are making great strides in revitalizing our city's waterfront. Derelict former industrial sites and bleak parking lots have been replaced by extraordinary places to live, work, play and learn.

But revitalization is not necessarily the only goal for us. One of Waterfront Toronto's primary objectives is to leverage our work to deliver key economic benefits. These benefits enable Toronto to compete aggressively with other top-tier global cities for investment, jobs and people. We are, in effect, using an infrastructure project to deliver a competitive economic model for Toronto.

So let me be clear: Waterfront revitalization is good for the economy.

At heart, what we are doing is both revitalizing Toronto's waterfront and supporting the kind of physical and human infrastructure that leads to sustainable economic growth. The same kind of growth that has seen Toronto become a top-tier global city.

Being in the company of cities like New York, San Francisco, Paris and Hong Kong means understanding what makes these cities successful and understanding how to meet the challenges of building great communities where people want to live, where businesses want to invest and where people want to visit. And, how to build these communities in an innovative way—with the best approaches from around the world to ensure excellence in design, sustainability, development, technology and livability. And how to build the right infrastructure into each community so that it provides a solid foundation for long term and high-value economic growth; infrastructure like transit, parks and public spaces, and high speed and accessible broadband.

From inception Waterfront Toronto decided to take a global best-practices approach to building our new waterfront communities. We looked at cities, which had successfully revitalized their waterfronts and saw how that success translated, in many cases, into a rebranding of those cities' global profile. We knew that we could do no less on our waterfront and that we had the opportunity of almost 2,000 acres of land with which to do that. And it almost goes without saying—Toronto's economic health is also Ontario's and Canada's economic health; this city represents almost half of Ontario's GDP and about 20 per cent of Canada's GDP.

But that's a high-level view. To better understand the economic contribution that Waterfront Toronto is providing, let me walk you through an update of some of our key projects. Then, I want to talk about how they are supporting Toronto's economic health and competitiveness. We're going to go west to east, just to keep you oriented.

Let's start with Ontario Place Park on the eastern side of Ontario Place. Although the park is being developed by the

Ontario Ministry of Tourism, Culture and Sport, Waterfront Toronto has been supporting this project through our experience of combining robust public consultation with world-class design. This approach is helping to make a great park that will attract both residents and visitors and represent the essence of Ontario. This park is the first step in the revitalization of Ontario Place, one of the province's most iconic and beloved waterfront spaces.

Moving east, we come to Queens Quay. Waterfront Toronto is leading a coordinated construction effort that integrates improvements to the public realm with much needed infrastructure and utility upgrades. That will mean no further work on or under the road is needed for decades. I'll be honest. It's not the best-looking spot in the city right now. It's been a tough project; we're building on fill of what amounts to soup. And, we've had lots of challenges in rebuilding all of the underground infrastructure; and the winter we've just had did not help. Nonetheless, it's on schedule to be completed next summer, when it will become a beautiful waterfront boulevard—a real showpiece. It will be a huge improvement on a street that was an ugly and unbalanced traffic corridor. Canadian Landscape Magazine called it the ugliest urban waterfront boulevard around.

The new Queens Quay will have transit, bike paths, pedestrian spaces, new parks, beautiful wave decks, a water's-edge promenade and great public spaces to attract visitors. I'm predicting that the new Queens Quay will be our signature street linking major destinations along the water's edge and creating a vibrant atmosphere.

Moving on towards Yonge Street, where Waterfront Toronto and the City are working to develop the Lower Yonge Precinct. It will be a new location in the heart of downtown but, as it will be home to thousands of residents and new businesses, it needs to be planned and developed with care. So in doing that, we must ensure that we don't repeat old mistakes—just putting up development without any regard for creating sustainable, livable, vibrant communities.

Waterfront Toronto wants to develop a vision for parks and public space and an understanding of what private development should look like in this area. The goal here, again, is to help create a new community that will support accessible downtown living and that is appropriate in scale and form. As I am fond of saying, great cities are defined by their public realm, not just by their buildings. Moving east along Queens Quay, we have big changes underway in East Bayfront, starting with two new great parks to anchor this neighbourhood.

Sugar Beach is a great combination of park, beach and vantage point overlooking the Redpath Sugar Refinery. Sugar Beach has become an instant hit; there are few better places in Toronto from which to see the old and the new, the industrial and the modern, the lake and the city. It is a front-row seat to the "theatre of the harbour"—and I've heard that area workers leave their desks every time a freighter pulls up to empty its cargo at Redpath.

Then there's Sherbourne Common, where former industrial lands have been turned into a stunning waterfront park. It is a good example of Waterfront Toronto's commitment to innovative infrastructure that incorporates public art. It's also got sustainability built right in. The park does double-duty; it's the first park in Canada to integrate a neighbourhood-wide stormwater treatment facility into its design. Next door are two new buildings: Corus Quay and George Brown College's Centre for Health Sciences. George Brown is home to over 3,000 full-time students learning in an innovative, hands-on and sustainable environment. Some of the building's features include a green roof and energy and water conservation measures, which are helping the college significantly reduce its footprint. And having students in this area helps to animate the waterfront year-round.

Next to Sugar Beach is Corus Quay—home of Corus Entertainment. Inside, you'll find more than 1,000 highly skilled, creative employees that ensure there is a solid commercial presence in East Bayfront.

Linking the two buildings and the two parks together is the continuation of the water's edge promenade. It's a 30- metre lakeside strip featuring both a row of mature trees that shelter pedestrians from sun and wind, and a traditional boardwalk, open to the elements, that gives pedestrians full exposure to the lake.

Both of those buildings are focused on technology and innovation, which leads me to what will soon be their neighbour: the Waterfront Innovation Centre. This will be a purpose-built commercial facility that will provide tenants with a collaborative environment, characterized by a dynamic exchange of information, ideas and innovation. It will have a specialized digital infrastructure to respond to tenant needs—which I will tell you more about a bit later.

The parks and commercial activity in this area helps to anchor what will soon be a substantial residential development—Bayside. We're confident it will be one of Toronto's next great neighbourhoods—a vibrant and diverse mixed-use community and thriving waterfront destination.

Waterfront Toronto's vision is for a residential area built on a human scale, with mews and small streets that promote a sense of closeness and community all year round, and also allow for microclimates, rather than large, wind-swept spaces.

When fully developed, East Bayfront will feature approximately 6,000 residential units and two million square feet of office and retail space. It will also be connected to the city by the East Bayfront Light Rapid Transit, which will be the most important east-west transit line servicing these new waterfront communities and future commercial development in the Portlands, such as the Unilever site on the other side of the Don River.

The East Bayfront LRT has gone through a full Environmental Assessment, and we are currently working with our government partners to secure funding for this project.

All of our planning and development work is based on having transit built into our new communities; it makes these communities more sustainable, more attractive and raises land values, which help to spur further investment and development.

Just to the northeast, we come to the West Don Lands. This is a new community that is taking shape fast— emerging from a thorough public consultative process that sets new standards for how to build a great community. The West Don Lands will be people-focused, environmentally sustainable and designed for urban living. It is a great transformation from its former industrial area into a sustainable, mixed-use, pedestrian-friendly, riverside community.

The key to unlocking the West Don Lands has been the massive flood protection landform on the east side of the area. It will protect more than 200 hectares of Toronto's eastern downtown from flooding during a significant storm—including part of Toronto's financial district. The unique topography provided by the landform has been used to build Corktown Common, a signature piece of the West Don Lands. It is—quite simply—a fantastic park that serves as the area's centerpiece. The emerging West Don Lands will have:

- A mix of housing to accommodate people at all income levels.
- 6,000 new residential units, commercial and employment space, at least one elementary school, and two child-care centres, all surrounded by over nine hectares of parks and public spaces.
- And, it will have multiple transit options, giving it strong connections to other parts of the city, including pedestrian and cyclist-friendly streets.

It's no wonder that the West Don Lands were selected to be the location of the Pan Am and Parapan Athletes' Village.

And I would be remiss in not mentioning Underpass Park. It is a unique urban park that has transformed the derelict space beneath a series of road overpasses. Underpass Park re-engineers that space to deliver an inviting public playground that connects the two areas of the West Don Lands by removing the physical and psychological barrier created by the overpasses. It's a park that perfectly represents the type of innovative and enjoyable spaces we seek to create—and that shows what can be done when you aim high.

Lastly, we come to the Port Lands. They represent an unprecedented opportunity. Few developed cities have the opportunity to revitalize a massive, 1,000-acre brownfield site this close to downtown.

Our vision for the Port Lands begins with a new river— the Don, released from its man-made boundaries, and allowed to become a naturalized river mouth. A naturalized Don River mouth will be the focus of a new waterfront park and the centre of a new, green community, connected to the waterfront and plugged into downtown. It will enhance water and land habitat for natural species and create the potential to re-establish wetlands in the areas that were lost 100 years ago. It will also provide flood protection for the Port Lands, South Riverdale and Leslieville areas, which are subject to some of the greatest flood risks in the city. It will be an urban port city, with a unique shipping channel that combines the historic industrial uses of a port with a sustainable community and modern commercial activity. That's the vision for the Port Lands. So where are we in the process?

The Don Mouth and Lower Don Lands Environmental Assessments are almost finalized. We continue to work with the City and the Toronto Regional Conservation Authority on a Port Lands Planning Framework to guide development in the area, and detailed planning work on the adjacent Cousins Quay precinct and Film Studio District has begun.

So, that's an update on our progress—but now let me turn to how all the work I've just described is contributing in a very tangible way to the economic development of this city.

Over the last decade, Toronto has moved into the global elite—competing with other cities across the world for jobs, investment and talent. So we should ask ourselves: what has made Toronto leap into this new category? What are some of the conditions that have allowed Toronto to grow and prosper in the last decade? And what is Waterfront Toronto doing to contribute to this?

For some guidance—and for some answers—I have turned to the Toronto Regional Board of Trade's Scorecard on Prosperity. It's an annual report produced with the Institute of Chartered Accountants of Ontario, and it ranks Toronto in third place against 23 other global cities. It shows what we are good at and where we need to improve.

Most of us know that Toronto is a great place to live— and increasingly people from all over the world are coming to the same conclusion.

In that regard, the Scorecard mentions two key factors that actually make us more competitive:

- Building solid, modern infrastructure; and
- Attracting human capital.

Now, Toronto is not perfect and that's why we need to build on and improve both of these.

The 2014 Scorecard says: "We need to aggressively upgrade our aging yet essential infrastructure—our roads, bridges, water and wastewater systems. This increased capital outlay will not only generate employment, but will allow us to avoid much more costly problems when aging systems break down and wreak havoc."

I couldn't agree more. That's why we're delivering critical infrastructure in all of our projects—infrastructure that enables sustainable development.

For example, in redeveloping Queens Quay, we are rebuilding all of the underground services to provide power, water, sewage and telecommunications to the area. We're building a dedicated transit corridor to separate the LRT from auto traffic and we are reconnecting the Martin Goodman Trail.

As I've mentioned, Sherbourne Common is the first park in Canada to integrate an ultraviolet stormwater treatment facility into its design.

And Corktown Common sits upon a flood protection berm that works to protect huge parts of downtown Toronto from flooding. In a post-Calgary flood environment, the investment in this type of infrastructure is critical.

Waterfront Toronto also deals with remediation issues. Here again, we take an innovative approach to dealing with the contaminated soil that characterizes large-scale brownfield remediation. Wherever possible, we use the latest and best technologies to treat and reuse soil, rather than "digging and dumping," which simply transfers the contamination and problems to somewhere else. We see soil recycling as an opportunity to turn contaminated soil into a resource instead of a liability and to add value to the land we are revitalizing.

And speaking of infrastructure, let's not forget about digital infrastructure, which I referenced earlier when talking about our upcoming Innovation Centre. One of the initiatives that I am most excited about is our low-cost, open-access, ultra-broadband network—available to residents, businesses and visitors across our revitalization area.

Provided by Beanfield Metroconnect, it's the first service of its kind in Canada and only the second in North America.

This is a critical and powerful support to Toronto's growing knowledge economy. Our infrastructure delivers a competitive edge to businesses that need to attract and retain top talent. As people and companies migrate to our waterfront, they'll form a hub of innovation and creativity that will benefit the economies of Toronto, Ontario and Canada.

Our waterfront communities will also feature a powerful community portal and platform—created in partnership with IBM and their partner Element Blue—to provide residents with social collaboration tools to connect with neighbours, businesses and service providers in the surrounding areas.

It will help them make smarter decisions about everything from the daily commute to their health and wellness and, in doing so, will create communities that will be among the most advanced in the world, setting a new precedent for smart city building.

The importance of this infrastructure cannot be overstated. These tools enable complex projects to be completed faster, buildings to run more efficiently, and residents to access a range of services and opportunities for social interaction.

Tellingly, three times in the last decade, Toronto has been named as one of the top-seven Intelligent Communities of the Year by the New York-based think tank, Intelligent Community Forum. This is effectively the shortlist for the prestigious Intelligent Community of the Year Award.

And, it's important to note that property values are higher in areas where broadband is available. Of the more than 12,000 new residential units to be developed in the East Bayfront and West Don Lands, the additional real estate value generated by this initiative could amount to between $20 and $40 million.

These are just a few examples of how Waterfront Toronto is building modern infrastructure and adding tremendous economic value to the areas being revitalized. On the topic of attracting human capital, we are making the city an appealing place to work for the highly educated and skilled workers we need to keep our economy healthy and growing.

Creating a high-quality place is central to our mission. By ensuring our communities are highly sustainable, beautifully designed and connected, we are building new areas that people will want to call home. Our new communities are planned and designed to encourage active transportation such as walking and biking—helping to reduce dependency on the automobile and encourage public transportation. And, importantly, these communities are close to employment opportunities. That's one reason why we have seen huge population growth in Toronto's downtown at the same time that we have seen a growth in demand for livable downtown neighbourhoods.

I can't emphasize enough how important this quality of life is to our city's future. All of these factors, all of these elements, combine together to build the quality of life that is sought by talent and investment from all around the world.

Since I'm talking about economic growth, I should also point out that Waterfront Toronto is creating jobs. Thus far, our projects and investments have generated over 16,000 full-time years of employment. Our $1.2-billion investment to date has stimulated over $3 billion in total economic output to the Canadian economy. We have generated total government revenues of over $600 million. In addition, Waterfront Toronto has more than doubled the value of waterfront investment to date by attracting initial development projects valued at more than $2.6 billion to the first new waterfront neighbourhoods of East Bayfront and West Don Lands. And they will in turn generate over $800 million in government revenues. What's more, our revitalization work has been, in part, a catalyst for more than $9.5 billion in private-sector investment and development outside the lands we directly oversee.

Today, there are 44 recent and planned development projects on privately owned lands across the waterfront and in adjacent neighbourhoods close to where Waterfront Toronto has invested. The proximity of these private-sector developments to the essential community infrastructure—parks and public spaces, waterfront access, transit, flood protection and brownfield remediation— is creating significant value. They will contribute an additional $8.9 billion to the Canadian economy, almost 95,000 years of employment and $4.7 billion in labour income. And let's not forget the government revenue of $3.4 billion that comes from this development.

And, we're just getting started.

I'm also proud to say that Waterfront Toronto is a participant in the Waterfront Toronto Employment Initiative, which includes the City of Toronto, the Toronto and Region Conservation Authority, labour unions, post-secondary institutions, the YMCA and other service providers. The program works with employers and job seekers to connect unemployed and underemployed Torontonians to the employment and training opportunities generated by waterfront revitalization projects.

Now, I should touch on some topical issues.

I'll start with the Gardiner Expressway East and Waterfront Toronto's support of the option to remove the section of the Gardiner between Jarvis and the Don Valley. There has been a focus on what the removal will mean to traffic, but in looking at the issue from an economic development perspective, the removal will unlock tremendous development opportunities, building new communities and employment areas with a great quality of place, and, in doing so, return hundreds of millions of dollars in land sale and development charge revenues to the city—revenues that can be reinvested to provide what the city desperately needs: transit.

It's important to note that there is no perfect solution to problems like this—there are always trade-offs; in this case, between maintaining the expressway functionality and cost.

Ultimately, let's be clear: Maintaining an elevated expressway doesn't solve Toronto's congestion problem. But, it will make a huge difference in the efforts to revitalize Toronto's waterfront and help five new neighbourhoods reach their full potential. And that gives us the space and the infrastructure we need to accommodate the city's future growth.

Let me also address the proposal to expand the Billy Bishop Toronto City Airport. As you know, Toronto City Council has voted to enter into negotiations with the Toronto Port Authority and Porter over extending the runway and introducing jets. This is a good decision. The Island Airport is a great asset, but we need to proceed prudently and make a careful decision on expansion. Waterfront Toronto's main concern with the proposed expansion is not technology or airlines, but rather scale and balance. At what point does the airport cease to be compatible with a thriving waterfront and instead becomes a presence that overwhelms the waterfront?

We know that economic impact—the decision to live, work and invest in the waterfront—are interconnected to quality of life and the experience of coming to the waterfront. That is why we need to understand the many impacts of expansion very clearly. We must have the necessary information to make the right decision because that decision will have a generational impact. It could profoundly affect not only the efforts that have already been made to transform the waterfront, but also future revitalization prospects—and the economic growth that flows from that.

Great communities deliver what matters to people: close access to economic opportunities, amenities that support an active lifestyle, dynamic public spaces and parks that offer a superior quality of place and an exceptional experience of life in the diverse, modern city that is Toronto.

We need to continue to build these types of communities to attract an educated, diverse, skilled and mobile global work force that is attracted to the opportunities and high quality of life here.

Protecting and strengthening the waterfront also leverages one of our city's biggest assets: a beautiful, centrally located, accessible waterfront.

The transformed and revitalized waterfront will be home to over 100,000 residents and support 40,000 new jobs. The reinvestment in our waterfront is an engine for economic growth.

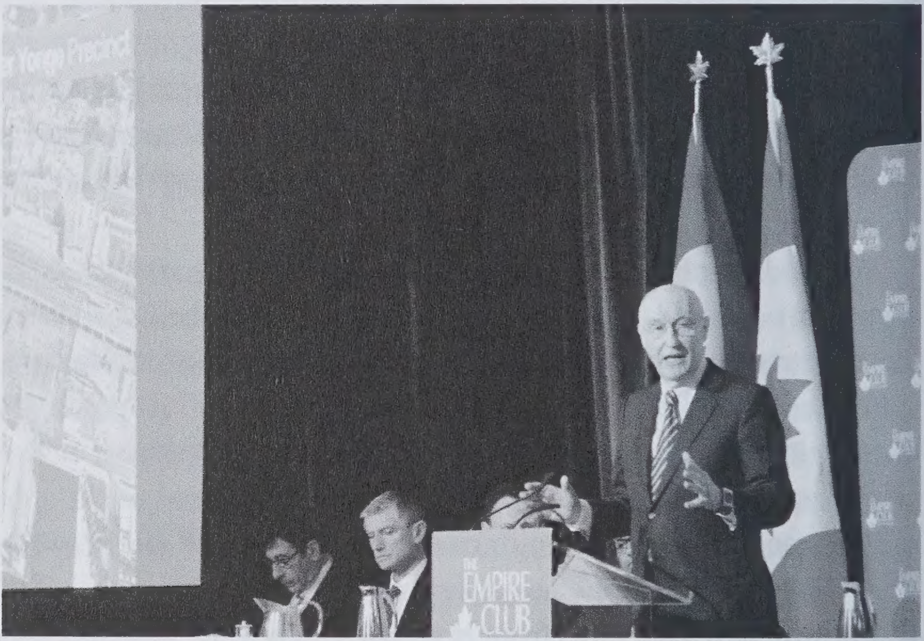
When the vision for the waterfront is fully realized, it will provide lasting economic benefits for our city, province and country by creating new employment opportunities, attracting private investment and drawing tourism dollars.

As I said at the beginning of my talk, Waterfront Toronto is using an infrastructure project to deliver a more competitive economic model for Toronto—one that will continue to benefit our city for generations.

We're not done yet—but the visible transformation of the waterfront is there for all to see as are the early benefits of our revitalization work. The waterfront belongs to all of us; its success is our collective success. We are very proud to be part of this extraordinary endeavour—one that is building a better city and a stronger economy.

Thank you.

The appreciation of the meeting was expressed by Dr. Gordon K. McIvor, Executive Director, National Executive Forum on Public Property, and 3rd Vice-President, The Empire Club of Canada.



April 4, 2014

His Excellency Vadym Prystaiko

Ambassador Extraordinary and Plenipotentiary of Ukraine to Canada

UKRAINE AND RUSSIA—THE UKRAINIAN PERSPECTIVE

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Verity Sylvester, Director, CV Management, and Past President, The Empire Club of Canada; Father Terry Lozynsky, Pastor, Christ The Good Shepherd Ukrainian Catholic Church, Toronto; Ernie Eves, Former Premier of Ontario; Tim Smitheman, Manager, Government and Public Relations, Samsung Renewable Energy Inc., and Director, The Empire Club of Canada; Ken Villazor, Advisor and Consultant to Mr. Melnyk and Senators Sports and Entertainment; Mark Romoff, President and CEO, The Canadian Council for Public and Private Partnerships, and Director, The Empire Club of Canada; Paul Grod, President, Rodan Energy, and President, Ukrainian Canadian Congress; and Eugene Melnyk, Owner Chairman, The Ottawa Senators and Senators Sports and Entertainment, and Member, the Advisory Council of the Ukrainian Canadian Congress.

Introduction by Noble Chummar

"Ukraine's glory has not died, nor her freedom." These are the words from the first verse in Ukraine's national anthem. How fitting is this phrase as it relates to the current affairs and spirit of Ukraine and its people. Ukraine has become centre-stage in global geopolitics. The extraordinary events of the past several months have proved to be an unprecedented demonstration of one country's might and total disregard to international pressure and economic sanctions.

Mr. Ambassador, in 2003 the Empire Club had the honour of welcoming former Prime Minister and President Yushchenko to this very podium. In his speech, President Yushchenko, then leader of the Opposition, said, "I think that the future of Ukraine today is in the hands of the Ukrainian population. I'm convinced that our people will not make a mistake again. Democracy and freedom will win in Ukraine."

Your Excellency, in 2004 I had the honour and privilege of serving on the Canadian diplomatic mission to observe the elections in Ukraine. It was the dawn of the Orange Revolution. Democratic freedom and national pride were alive in the hearts and minds of every citizen in Ukraine and every expat around the world. Mr. Ambassador, I walked through Independence Square and I visited small villages and your hometown and your birthplace of Odessa on the northern shores of the Black Sea. I met with Ukrainians of every political stripe and learned one important thing—all Ukrainians want democratic freedom, a fair and just legal system, and a promising future for future generations.

Now, a decade later, especially with the events of recent history, I'm sure that sentiment still exists and is undoubtedly even stronger today. What happened in the last few months in Crimea is of concern to all people in the Western world. There are indeed two sides to this story, and the Empire Club will be hosting the Russian Ambassador in a few weeks to hear from that perspective.

One thing that is simply fact and that cannot be argued is that a global superpower has exerted extraordinary hegemony over a geopolitical region with relative ease, despite unprecedented international disapproval. All of this unfolded while the Olympic Games were happening, while the whole world was in the backyard of Ukraine and in Russia. Some say that this is disgusting. Other people say that this is impressive.

Our guest speaker is here to advise us why Crimea and the events of the past few months are so important to the rest of the world. Ambassador Vadym Prystaiko was appointed as Canada's Ambassador in November 2012. He is fluent in Ukrainian, Russian, and English. He's had a distinguished career in the public and private sectors, and holds a master's degree from the Ukrainian Academy of Foreign Trade. Prior to joining public life, His Excellency was in the private sector and co-founded one of the Internet service providers of his country. In 2007, he was part of Ukraine's NATO negotiating team and served as Director General for NATO in the Ministry of Foreign Affairs. He's also served in the embassies of Australia and in the United States in Washington, D.C.

Despite the unbelievable events of recent days, Ukraine's glory has not died, nor her freedom. Ladies and gentlemen, His Excellency, Ambassador Vadym Prystaiko.

Vadym Prystaiko

Thank you very much. Great speech. I have nothing to add.

It's a really distinguished pleasure for me to be here today to see all of you in this room, and to be able to talk to you.

I will take some 20 minutes to talk, and if we have a couple of minutes, I would be happy to take questions from the audience. I understand the issue is very important, and I'm very glad that people are taking an interest in the things that are geographically far away but very close to the hearts of many Canadians of Ukrainian origin and other Canadians.

Let me give you a couple of words on how I will present today's speech. It will have three major parts. First of all, it will be about Ukraine and what happened in Ukraine after the fall of the regime of Mr. Yanukovych and how Ukraine resits itself on the bus to European integration, which we've been pursuing all the 23 years of our independence.

Second, somebody believes that what's going on in Ukraine is a threat to Putin and the sovereign democracy he is pursuing and building up in Russia, and that everything going on in Ukraine is just his reaction to the events. It's up to you to form an opinion. I will try to give you examples and facts for you to consider.

And the third one is the simple one—how the international community is reacting towards what is going on in Ukraine, and how it's actually hurting the international system, which has been built over the last 100 years.

As you know, when Ukraine was about to sign the European Association Agreement on November 20, the government of Yanukovych, our previous president, changed its course 180 degrees and signed a deal with the Russian Federation for a

$50-billion loan. The people didn't like it so they came onto the streets to protest this decision.

Unfortunately, on November 30 the government decided not to deal with that peacefully, and they dispersed the quiet and peaceful students' demonstration with batons and enormous force, unnecessary, unneeded, and unexpected in Ukraine.

That in turn brought close to a million Ukrainians, especially Kievans, to the street. Unfortunately, the government didn't back off. Instead, it went completely crazy and ordered the shootout in the streets. We lost 103 people. More than 1,500 people are still injured, and we're talking about serious injuries. We're talking about battlefield injuries—heads, legs amputated, eyes removed. You can imagine the picture. We still have 620 people in Maidan not properly treated yet.

What happened then you more or less know. Yanukovych resurfaced in Russia with all the money he could grab on the way. He read statements prepared by his Russian new masters calling for Russia to come and restate him on the throne, as simple as that. Unfortunately for us, Russia could not miss this chance. They came to Crimea, and grabbed whatever they wanted. I will come to this bit later. Now they are mounting their forces on the borders of Ukraine around the north and east.

These things are more or less known. I'd like to note one simple detail, but I believe this fact is very important. We are talking about the legality of the Ukrainian government. Many people, including the Canadian government, are talking about an interim government in Ukraine. My point is we still have the same government, at least the same Parliament. We have the Party of Regions of Yanukovych trying to find their way. We have Communists in the Parliament. So this beautiful composition of people with extremely different views are in the Parliament and they actually elected a new speaker and created a new government. Only two ministers are still acting ministers, my minister and the Minister of Defence. We expect the President to be elected on May 25, thus completing the cycle of legalization of the new Ukrainian government.

Another question was whether we would be allowed to have this election, or how the new President will be recognized. Our Russian neighbours told us already that they are not going to recognize the new President.

Another very important moment is the so-called agreement of February 21 between President Yanukovych and three leaders of the Opposition. Whether they really represented the people who gathered in Maidan is a different question. They signed an agreement with some ideas on how to get out of the situation, after people had been shot by snipers in the streets. The very short agreement was signed by Yanukovych, three leaders of the Opposition, and three ministers of foreign affairs. Poland, Germany, and France were guarantors of this agreement. The only guy who didn't sign the agreement was the Russian representative. This fact is completely forgotten by Russians now. They refer to this agreement as something we should respect and abide by, but at the same time they do not remember that they were the only ones who were not happy with it and never signed it.

The first clause was about returning to the constitution of 2004 in Ukraine, which balanced the powers of President and Parliament. President Yanukovych never signed the law of returning to the constitution, breaching the number-one position in the agreement, which he promised to fulfill in 24 hours. It never happened, and ever since then, all hell has broken out.

So what do we have now? The first positive result is a return to a more balanced system, renewing the negotiations with the European Union, even the signing of the Association Agreement. This was partially overshadowed by the sub-marginal economic development. We have a huge amount of debt. We're talking about $73 billion this year. We need $36 billion to repay our immediate debts. We have an unbalanced budget and we have social complications like separatism. We have divided loyalties within our own people. We have radicalization of certain sectors of society. All of this is true.

The government of Mr. Yatsenyuk, our new Prime Minister, has quite a simple task. It is taking unpopular and painful steps to avoid the default of Ukraine, balance the state budget, reduce public spending, hold a transparent presidential election, and all within just two months.

As proposed by many people, including Russians, the re-federalization of Ukraine, with a second official language, will hardly, in my view, reinforce Ukrainian statehood, and it's not the Russians' business how we run our own country. But these ideas are also considered. We probably won't be going for re-federalization. We're a unitary state, unlike Canada and Russia itself. We're a unitary state, but we will probably give more powers to the regions. We call it decentralization of the powers. People will have to decide on budgets, education, even language, many, many things, just to cool down the hotheads we still have in our runaway regions.

We will have to stabilize the state finance system with sharp cuts in the budget. We will review our taxation system and reduce subsidies and benefits. We're looking forward to the IMF program. We're talking about $18 billion immediately. I hope to hear the announcement next Tuesday, maybe Wednesday. The IMF mission has already finished its work in Ukraine.

We are reducing our government staff by 10 per cent. I feel it myself. We're talking about 24,000 bureaucrats around Ukraine. That's a huge number. Most of these people were well qualified for the job, educated. We can't afford them anymore. We're talking the same about subsidies. We were subsidizing these special mining needs, mostly mining needs in our eastern parts, an extremely sensitive question in Ukraine. We have to cut it by at least 10 per cent. With miners, you probably all remember what Thatcher as a Prime Minister of Britain had to face in the 1970s. That's what we have right now.

Talking about the IMF loan, we hope that it's not only the money itself, but that it will reinforce the image of Ukraine as a more attractive investment opportunity, and will bring some more things on a bilateral basis. We're talking about at least $220 million that has been offered by Canada to Ukraine.

Some people will criticize that that's not enough. If it is compared to the Americans' billion-dollar pledge, you will see that proportionately, Canada gave at least two, three times more than the Americans did. I'm really proud to be here as the Ambassador to Canada, and see the support from the Canadian government and Canadians.

Our biggest problem is with our energy security. We're consuming around 50 billion cubic metres of gas annually. All of this we are receiving from the Russian Federation. If we manage to reach an agreement with the European Union we will try to obtain supplies from them, but we will still have to buy from the Russians. Here's a very good example of hypocrisy in Russia. Russians were getting a reduced gas price for stationing their fleet in Crimea. Just the day before yesterday, the Prime Minister of the Russian Federation, Medvedev, said that because of changed global reality, they don't need to rent the base in Ukraine, because Crimea is not Ukrainian any more. That's the way they resolve their issues. Effective yesterday, they immediately increased their gas price.

We have to do many things. Judiciary and law enforcement are extremely important, especially how to deal with the people in the special squads, which were fighting their own people and how to rebuild a system of riot police. We are talking about reforms and re-educating people. We will use some examples of the RCMP and FBI and other international services, which prove to be effective, and more democratic, or liberal, whatever you prefer to call it.

One of the important things we've just done, again very difficult, is disarming all the armed groups in Ukraine. That was very difficult to do, as people went through revolutionary times and were shot at. We have to tell them, "Thank you very much. Please return your weapons to the military, to the police." This is what is happening in Ukraine right now.

What's going on in Russia and what happened to Crimea? Regardless of the rhetoric they are using—and you will hear a lot of things I'm not going to argue or repeat—one thing is quite, quite obvious. It's not just betraying their closest neighbour. We're talking about rewriting the whole international system, proving that there is still a right of the stronger, and the nuclear states can do whatever they want to do. I have to remind you that in 1991, Ukraine had on its territory the third-biggest arsenal of nuclear weapons. This arsenal was bigger than the Chinese, Britain and France together. We gave it up, and in return, were promised security guarantees from five countries. One of these countries invaded Ukrainian territory, and one more country, China, abstained during the voting in the United Nations. So that's the reality. We are not protected. We are not a member of any bloc, and we are under occupation by our neighbour.

Many things have been done by Russia. We have socalled Putin's tourists coming in numbers and urging people to go for the referendums for re-federalization, local ones who are not happy with being part of Ukraine. Those people are trying to ignite the unrest and unfortunately, we have to admit it is working. They are pouring 100 times more money into propaganda. Thirty-nine percent of Ukrainians are receiving the news about their own political events about their own country from Russian TV. People are getting facts from Russian TV. It is very difficult to fight. That's how this part of the globe is constructed.

We were talking about Crimea. Crimea is quite a big territory. It's two million Ukrainians. Two million. It's a very big chunk of our population. It's around 4.3 per cent. It's 3.7 per cent of Ukrainian GDP. What really took a blow is the energy security of Ukraine. The gas fields around Crimea and the Black Sea are very important to us, extremely, critically important. We estimated around 107 billion cubic metres of natural gas, 27 million tons of oil, and 18 million tons of gas condensate. At the end of 2013, Ukraine developed only 4 per cent of these capacities, and our companies were producing annually around seven million cubic metres of gas; 1.2 were consumed in Crimea, the rest was exported to mainland Ukraine. Now all of this wealth is in the hands of Russia. We are talking about gas, but we're also talking about infrastructure. There are some drilling platforms worth hundreds of millions of dollars. Worse, we are talking about a billion dollars of military equipment, banks, schools, kindergartens, infrastructure, buildings, everything. We are now seeing that these gas and oil companies have been nationalized. And at the same time there has been a 100-per-cent rise in the price.

I'll give you another example very close to Canadian hearts. We paid $260 million to build a satellite with MDA Corporation in Canada. It's already done. We scheduled the launch. We can't do it, because the control system is in Crimea. We have the satellite. We have everything. We can't use it. We can't control it. Now we have to find a place where we will be able to control this communication satellite. We have postponed the launch until at least July. We hope that by this time we will find the means of controlling it from other parts of Ukraine. There is the radio telescope, the third-biggest telescope in the world, in Crimea. It's been now taken over by Russians.

So what is the international community doing, how is it perceiving the events in Ukraine, and what is it doing? Is it doing enough or not? That's a different question. We had in the United Nations just a couple of days ago the Resolution on Territorial Sovereignty and the Integrity of Ukraine. One hundred countries voted for this resolution. Eleven countries voted against it. I'll give you the list— Russia, Belarus, Bolivia, Venezuela, Armenia, Zimbabwe, Cuba, Nicaragua, Northern Korea, Sudan, and Syria. They are the nations that actually decided to support Mr. Putin in his endeavour. Nobody else.

We have to reinforce our military. We are trying to find money for this. We increased the funds for the military by 15 per cent. We are having exercises, seven exercises this year. Canadians are coming for the exercises in Ukraine this year to boost the capabilities of the Ukrainian army.

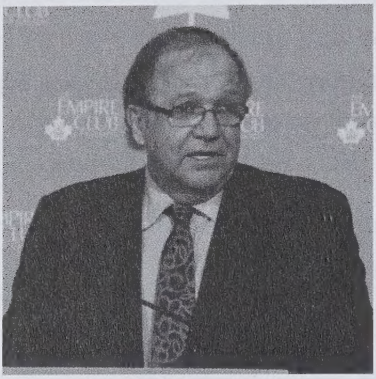
We have many different programs, some simple, some complicated. Some people do them on their own. Governments are doing some. I'll just give you a couple of examples. A Canadian medical team is already in Ukraine. People are working pro bono. They are coming to Ukraine to see how they can help treat these people in Maidan, who are still injured, and find out what sort of help is needed, with equipment, doctors, everything. They will assess the situation and will come back. Canada, as a nation, has already pledged $220 million. Another million was given to our National Bank to support its activities. The European Union and the IMF, as I mentioned, are trying to do things. Your prime minister came to Ukraine on the 22nd of last month. He's still the only prime minister, the only leader who has come to Ukraine from the G8, G7 now, countries. The Minister of Foreign Affairs was the first minister of foreign affairs to come to Ukraine to show support. And I expect—I met the prime minister last Monday—that Canada will also help with the observation of the presidential elections on May 25. Twice Canada set the record of sending the biggest-ever observation team. I believe that this will help to show that our elections are really fair and free and democratic, and we have legalized government.

So thank you very much, and the last word I'd like to use is just a sincere thank you to the Ukrainian community of Canada. That's probably the most important part. I said this before, I know. Now is a very tough time. I'm not as sure, as my president of 2004 was, that from now it will be much better. I sincerely hope, that with your help, with Canada's help, and with our other friends around the globe, we can do it.

Thank you very much. The appreciation of the meeting was expressed by Eugene Melnyk, Owner Chairman, The Ottawa Senators and Senators Sports and Entertainment, and Member, the Advisory Council of the Ukrainian Canadian Congress.

THE EMPIRE CLUB OF CANADA
THE EMPIRE CLUB OF CANADA

April 14, 2014



The Hon. Bernard Valcourt
Minister of Aboriginal Affairs and Norther Development

INCREASING ABORIGINAL PARTICIPATION IN THE WORKPLACE

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Anthony Diongini, OPPI Student Delegate, MES Planning Candidate, Environmental Studies, York University; Malliha Wilson, Assistant Deputy Attorney General, Ministry of the Attorney General of the Province of Ontario; Bernd Christmas, Partner, Aboriginal Law Practice, Cassels Brock & Blackwell LLP, and Former CEO of Membertou First Nation in Nova Scotia; Evan Young, Mining Associate, Haywood Securities Inc.; Ted Griffith, Chief Strategist, The Fixers Group Inc., and 2nd Vice- President, The Empire Club of Canada; Bill Saundercook, Senior Vice-President, Public Affairs, Forum Research Inc.; and The Hon. David Peterson, 20th Premier of Ontario, Chairman of Cassels Brock and Blackwell LLP, Chairman of the Toronto 2015 Pan American Games and Former Federal Chief Negotiator for Devolution of Land and Resources of the Northwest Territories.

Introduction by Noble Chummar

Canada was one of the last great frontiers of the Western world. In the late 15th century, European explorers set off on adventures of discovery that eventually led to the development of North America as we know it today. Canada is home to millions of people with ancestral roots from every country in the world. Our cities are rich with diversity reflected in the arts, culture, food and political thought. From coast to coast to coast, our natural resources are among the planet's most rich. We have vast minerals, water, food, oil and forests. Canada was then and is now the greatest geological location on the planet.

European settlers date back approximately 500 years, but human existence in Canada has traced to well over 10,000 years ago. Some say 30,000 years ago. Regardless, there's no debate on who was here first. The reality, however, is that there are one million indigenous people in a society with over 30 million Canadians or non-Aboriginals—two peoples, two histories, one society and one economy. We must live and work together. Our guest speaker will be speaking to us about the importance of increasing Aboriginal people in our work force.

The Honourable Bernard Valcourt is back at our podium; he was here 21 years ago. He was here then as the Minister of Employment and Immigration. Minister Valcourt has spent the last 30 years in public life and practised law when the electorate asked him not to be in politics. David Peterson knows that story too. He has served his constituents in New Brunswick and all Canadians in the House of Commons. He has held several cabinet posts, including Minister of Immigration, Labour, and Fisheries and Oceans. Prime Minister Harper recently appointed him as Minister of Aboriginal Affairs and Northern Development. In the past year, Minister Valcourt has been particularly instrumental in developing relationships with indigenous people across the country. He is a champion of promoting Aboriginal participation in all matters of Canadian life, including promoting the inclusion of our First Nations people in the Canadian work force.

Ladies and gentlemen, please welcome the Honourable Bernard Valcourt, Minister of Aboriginal Affairs and Northern Development.

Bernard Valcourt

Thank you very much, Noble. I will honestly admit that it is a privilege to be with all of you here today and I thank you for your presence. It's a pleasure indeed to be here, but I will tell you that this is sobered by, as you all know, the sudden passing of a great colleague, a sure hand at the tiller as the government had to plow through the recession, a great finance minister, a good friend, Jim

Flaherty. Jim's dedication and commitment to our country, to this province and to his family was truly inspiring and some of you may have had the privilege of meeting and/or knowing him and I'm sure that you, like I, will have fond memories of the time you spent with him. Jim will be missed, but Canadians of all walks of life have benefited and will continue to benefit from his legacy. Jim's footprints on the lives of so many Canadians and their families shall endure because so many of his deeds just flowed from the good soul he was, so our most sincere condolences to his family and friends.

The Empire Club continues to provide one of Canada's premier forums for discussion of the great questions of the day and I thank you again for the opportunity to be here. I was here on my birthday in 1993, February 18, as the then Minister of Employment and Immigration and I'll be honest with you, when I look back at my speech, so many of the things that we were talking about in those days are still relevant today 21 years later. So sometimes you can ask yourself whether governments progress that rapidly.

I'm going to be careful because you have some speakers who go on and on and on and on, so I will watch the tables. I was once at an event, not here, and we had a speaker who was going on and on. My buddy beside me put his head on the table while the speaker was going on and on and on and I said, "John, come on." He didn't move his head off the table. So I bumped him on the head as hard as I could. He said, "Hit me harder. I still hear him." So I'll be watching the tables.

The subject of my remarks, as Noble said, is increasing Aboriginal participation in the work force. This is a challenge for all Canadians—all of us together—government, 314 businesses, industry, communities, Aboriginal and non- Aboriginal. We all have a role to play in making sure that conditions are in place for Aboriginal people to have every opportunity to thrive and establish promising futures for themselves, their children and their communities.

We often hear about those socio-economic indicator gaps between Aboriginals and non-Aboriginals in Canada. It is a fact. It is there but make no mistake, when Aboriginal people have access to the tools that non- Aboriginals have access to that are often taken for granted—education, training, economic opportunities, the need to be a strong presence in the work force—they step up to the plate and all of Canada benefits. In that outcome, we all have a role to play.

As Prime Minister Harper stated at the opening of the historic Crown-First Nations gathering in January of 2012 held in Ottawa, to maintain a growing and vibrant economy Canada will need a skilled and growing labour force in every region—urban, rural and remote. Natural resources development is perhaps the most outstanding example of where we need skilled labour that will, among other factors of course, incent business people to make actual investment decisions for without the skilled work force they need, those investments will not take place. These investments have got to be executed by people. We need a labour force, a skilled labour force.

Right now as we speak, there are hundreds of natural resource projects either underway or planned across Canada over the next 10 years that represent an investment of some $650 billion and a significant portion of that investment is going to projects that will be on or near Aboriginal communities; projects that will rely on meaningful consultation and collaboration with those communities; projects that will benefit from the skilled work force that these communities can and could offer.

I’ve had the privilege of travelling to many areas of Canada, many parts of our beautiful country, and in the southern part of our country too many of our neighbours and citizens don’t seem to appreciate and know that we have a host of First Nations that live in remote communities and, when we say remote communities, they are communities that cannot be accessed other than by air or during the winter by an ice road. I don’t think Canadians appreciate the challenges that exist to get the people living in those communities, who are Canadians, a crack at participation in our economy.

Yet natural resource development can turn the high cost of isolation into a huge advantage for Aboriginal communities. As a matter of fact, most mines and exploration properties in Canada are located within 200 kilometres of an Aboriginal community and the Ring of Fire here in Ontario is a case in point. You all know that hundreds of thousands of Aboriginal youth will enter the work place over the next 15 years, coinciding with what is projected to be a record-breaking shortage of labour in the resource sector. This is just one example of why it is in your interest, as either successful business people or interested stakeholders, indeed all Canadians, Aboriginals and non-Aboriginals alike, to ensure Aboriginal people have access to the kind of education and training, which are essential conditions for individual communities and businesses to prosper.

So how can we move towards that goal most effectively? It should not be and cannot be a matter for government alone. Business and industry know the skills and the knowledge they need in their work force and they need to partner with governments at all levels, academia, and, of course, Aboriginal communities. They should also invest their resources to create the skilled work force they need and this goes hand in hand with the role the private sector can and must play in assuming meaningful and productive engagement with Aboriginal people, where economic development on or near their traditional territory is proposed.

Certainly, as the government, we must provide leadership and partnership for Aboriginal people. I think we are making significant progress in overcoming challenges and removing some long-standing barriers to success. But in the same breath more needs to be done. The Prime Minister's historic apology in 2008 to the victims of Canada's residential school system—the apology to the victims, to their families, to their communities—was, I think, a very important step in the rebuilding of the relationship between the Crown and First Nations.

I was in Edmonton last month where I had the honour of participating in the seventh and final national event held by the Truth and Reconciliation Commission. Over the past four years, the Truth and Reconciliation Commission has held hearings in more than 300 communities across Canada, and the strength, determination, and resilience shown by thousands of former students and their families in sharing experiences and in talking about the legacy of the Indian Residential Schools is beyond admirable. But from my own point-of-view, it showed that everything is not lost and what was most encouraging was the recognition by so many of them that while we cannot change the past, we can change the future and the basis of that future has got to be a respectful relationship between Aboriginal Canadians and non-Aboriginal Canadians.

I've been in this portfolio now for a little over a year and together we are moving forward on a number of key issues—education, meaningful consultation, the self-sufficiency of Aboriginal communities across the country and assuring the opportunity for Aboriginal people and communities to participate in and contribute to the growth of the broader economy. Education, of course, is fundamental.

We all recite and have talked for decades about the gaps. The average high school graduation level among First Nations youth is about 40 per cent. Too many First Nations students, who do graduate, often find their academic credits do not satisfy the requirements for post-secondary institutions, skills training or employment opportunities. This must and will change but it will not change by throwing more money, more taxpayer dollars, at the problem. It will change through meaningful reform and taking steps to effectively correct the situation and bring about a much higher standard of living for First Nations. That's why I believe the leadership of First Nations, along with Canada, identified a joint action plan in 2011 reiterating that education is a shared priority of Canada and First Nations.

Just a few days ago I was proud indeed to introduce in the House of Commons historic legislation that will create for the first time a strong, accountable education system that will support First Nations work to incorporate their language and culture into their own education programming. The children on reserves are the only little Canadians who don't have a statutory right to education. It doesn't exist. Education on reserves is at the policy mercy of the minister currently. So this will change with the bill. It is important that we move this legislation and that we do it quickly because as National Chief Atleo said, "We cannot abandon another generation to a failing system." A very deep consultation process has been started with First Nations, Canada, the provinces and Minister Zimmer. We've been engaged on the education file for years. We have had reports from the Senate Standing Committee. We have had reports from the Aboriginal Affairs Committee. We have had the Auditor General's report of 2011. We have studies all over the place but, more importantly, back in 1971 the Indian Brotherhood, as it was then known, issued a policy paper asking the government of the day to grant the control of education to First Nations.

We talk about the bad graduation numbers, but we have successes among First Nations. In Nova Scotia, 15 years ago, the Mi'kmaq created their own school authority and 15 years later their graduation rate is 90 per cent. It is more than or close to the percentage of non- Aboriginal Nova Scotians who graduate. So the Mi'kmaq were given control and they are getting results. This is what is inspiring this legislation.

I've talked about the consultations. We issued documents, discussion guides, then a draft bill in the fall and the chiefs and the assembly came together in Gatineau in November and decided it would not work. There are five conditions for the success of education. There are five conditions, which any legislative framework must respect if we are going to successfully provide our children on reserves with a good education system.

Those five conditions were incorporated into the draft bill and we now have in front of the House a legislative framework proposal that meets those five conditions identified for success. I hope it gets the support of all Members of Parliament from all sides of the House and in the Senate so that we can pass this legislation speedily in order to get on to the next phase, which will be another tough one—the development of regulation. That will take time. Again, we're committed to ensuring full participation of First Nations in that process and are going to do it through a joint council of education professionals, which the Prime Minister committed to on February 7 when we were in Alberta.

Now the other important consideration is the unilateral oversight of the federal government, the paternalistic approach of the federal government, to always be there to tell First Nation members on reserves what to do, how to do it, what they can do and what they cannot do. They don't want to see that in education. To avoid this unilat oversight of education of children living on the reserves so vehemently decried by the First Nations chief, council, parents and teachers all over the country on the reserves, the Prime Minister in February committed to this joint council of education professionals and it is proposed in the Act they will be experts on education. We have no expertise as such at the Department of Aboriginal Affairs and Northern Development in education. We don't have an education department like you have at the provincial level so this joint council, half of which will be people nominated by First Nations, and half nominated by the federal government, will work as an advisor and a filter.

Unilateral gestures or decisions of the minister are gone. Every decision of the minister will be and must be inspired by the advice of that joint council to ensure that we do, at the end of the day, always have the First Nations' view and perspective on any decision taken.

Funding is indeed very important and especially since the cap that was imposed in 1996—a 2-per-cent cap on all programs at my department. In our last budget economic action plan 2014, which our beloved friend, Jim Flaherty, introduced before leaving us and which shall be part of his legacy, our government has committed $1.9 billion of incremental new funding related to this proposed legislation, the First Nations control of the First Nations Education Act. This includes $500 million for an infrastructure fund for schools; $160 million for an implementation fund because we need a transition to get to the mature system; and $1.25 billion in core funding which will begin in 2016-17 and will increase annually thereafter according to the 4.5-per-cent escalator on the full amount of the funding at that time.

This will allow stable, sustainable and predictable funding, which will provide First Nations children on reserves with an education that is comparable to what non-Aboriginal children get in provincial schools in similar locations and with similar demographics. What is again important to realize is that for the first time they will get the same level of support which our non-Aboriginal kids get in all provincial systems at the second level and the third level. Now they will have it and that, I am sure, will bring about great results, so this is the right investment for taxpayers because it will result in significant economic benefits down the road.

I was here 21 years ago. We were close to an election. I was soundly defeated a few months later, but we were arguing then for improvements to the Unemployment Insurance Act. We were trying to find and introduce active measures to the Unemployment Insurance Act of the day to stop paying people for doing nothing, but rather incent the training of these people so that they could access jobs that exist. Throughout the country, at the provincial level some years ago, these active measures were implemented. At the federal level, while we spend about $860 million a year on income assistance for First Nations across the country, with a dependency rate on income assistance of about 36 to 37 per cent, we have not reviewed our income assistance program ever since.

So in the Economic Action Plan 2013, we made a commitment to work with willing First Nations to improve the federal on-reserve income-assistance program, reflecting the wide-spread recognition that this program can provide more than just income support. Today as we speak, 70 First Nations across Canada are commencing the delivery of financial support and access to personalized skills training for young income-assistance clients on reserves and this is not a great idea of a great minister or a brilliant government in Ottawa. This is the product of First Nations in the country asking for those kinds of measures. Seventy First Nations are commencing this delivery as we speak. The rate of dependency is falling. It's falling and falling quickly, but what's even more important is that these kids, these young men, these young women, are getting the skills they need to get into the labour market and have a much better living.

So these are some of the approaches that we are taking to ensure that First Nations people, Aboriginals, get the chance to be a full participant in our economy. The Urban Aboriginal Strategy and other programs at the federal level, which we have revamped and streamlined into one program with two components where we will work with the municipalities, the provincial government, the private sector, the not-for-profit sector, and the friendship centres, exist throughout Canada. We have a new delivery mechanism where we will be investing $53 million a year during the next two years to work on this new approach of helping Aboriginals living in the cities; helping them to eliminate those barriers to access the labour market. This is our priority and I believe that this is another important step that we are taking to ensure that the Aboriginal community can indeed participate in our economy.

Now listen, no one is sleeping. No head on the table is a good sign. I'd like to say that there's not a single initiative that can be taken that will solve the whole problem. We have, however, continued taking important, effective steps along with First Nations to address the problem that we all face. That is why our government continues to work in close consultation with First Nations and continues to move forward with key initiatives that enable First Nations to escape the paternalistic scriptures of the Indian Act. I can't wait for the day that we don't need the Indian Act any more.

For instance, last week the First Nations Election Act just received royal assent and this will address longstanding issues with the current electoral system set out under the Indian Act. Ladies and gentlemen, this new Elections Act will not only extend the term of office for chiefs and council, it will introduce a more robust nomination process, add penalties for defined offences and fraudulent activities, and enable common election days among several First Nations. So this is another step taken that I believe can be helpful in our quest for the progress we all long for. For investors, if you think about economic development and have to do business with First Nations, the political stability and certainty about their governance, because they have the Council in place for four years, will help create new wealth and jobs all across Canada.

We passed last year the First Nations Financial Transparency Act, which will bring accounting standards to First Nations governments in line with those of other levels of government in Canada, further enhancing the accountability and transparency in governance that citizens deserve and investors also deserve. This is about empowering the members of those First Nations. You have to know what your leadership is doing with your money, with the taxpayers' money. You have a right to know and ensure that the leaders have in place the mechanism to protect their best interests. I think that this Financial Transparency Act will again prove to be transformational because members in those communities will be able to see firsthand what is happening to the resources of their communities.

We continue to take concrete steps to move the agenda forward following the signing of the Métis Nation Protocol Agreement and we will continue to work in partnership with Métis leaders and organizations to ensure that Métis people across Canada continue to share in the economic development opportunities the country offers. I don't know if many of you know, but Métis entrepreneurship is growing fast across the country. Métis organizations and communities are pursuing economic development initiatives and establishing businesses and business relationships with some major corporations. I think of NT Energy, for example, in Northwest Territories, that has partnered with Métis Energy Company Limited and, of course, that brings me to the North. Developing the North is the fundamental part of our future economic prosperity as a country and we have already moved forward on key initiatives.

Last April 1, for example, was the effective date the Government of the Northwest Territories was empowered to deal with their land and resources the way they saw fit and to the best advantage of their inhabitants and also of Canada. We're also making progress on developing those same powers to Nunavut.

So ladies and gentlemen, I wanted today to try to show the importance of all of us at all levels—private sector, non-public sector, governments and Aboriginal communities— to pull together to address this issue of ensuring that we can provide Aboriginal Canadians with the opportunities to get those skills, get that education, that post-secondary education they need, to become full participants, and I humbly submit to you all that I think we are on the right track.

Thank you all.

The appreciation of the meeting was expressed by Ted Griffith, Chief Strategist, The Fixers Group Inc., and 2nd Vice-President, The Empire Club of Canada.

April 22, 2014

His Excellency Georgiy Mamedov

Ambassador of the Russian Federation to Canada

RUSSIA, UKRAINE AND CRIMEA: THE RUSSIAN PERSPECTIVE

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Dr. Gordon K. McIvor, Executive Director, National Executive Forum on Public Property, and 3rd Vice-President, The Empire Club of Canada; Treena Watson, MA Candidate, European, Russian and Eurasian Studies, Munk School of Global Affairs, University of Toronto; Captain Canon Don Aitchison, Chaplain, Trinity College School; Vladimir Pavlov, Consul General, Russian Federation in Toronto; The Rt. Hon. Adrienne Louise Clarkson, 26th Governor General of Canada; James Baskin, Chairman and CEO, Pragmatic Conferencing, and 4th Vice-President, The Empire Club of Canada; Robert Fotheringham, Chair, Cerba Toronto, and Founding Partner, Fotheringham and Fang; and Bob Ramsay, Founder, Ramsay Inc.

Introduction by Noble Chummar

Madam Clarkson, Ambassador Mamedov, past presidents, members and guests, today's speech is about sovereignty.

How could I possibly reflect the obvious angst and concern that people in this room and quite literally around the world have with the country that today's speaker represents. The world is angry, frustrated, anxious and sad.

I could start with the events of the past few months. I could speak of the international outrage expressed by global superpowers resulting in the relocation of the G8 or is it the G7 meeting this June. I could start with a quote from Leo Tolstoy or Anton Chekov, but nothing I say could genuinely express the sentiment in this meeting or in legislatures and parliaments around the world. Just this morning, U.S. Vice-President Joseph Biden gave Russia a stern and direct warning to comply with the terms of the Geneva Accord.

Mr. Ambassador, having lived in Ottawa for over a decade, you know Canada and Canadians. You know that we are a peaceful nation with an enormous influence on global human behaviour. We are proud of our diversity and protective of our citizenship and fundamental freedoms.

Mr. Ambassador, I need not tell you that, in light of what is happening in the world today, your address to the Empire Club and to the thousands of people who are watching is courageous to say the least. Thank you for offering your country's perspective to this club today. The Empire Club offers a podium of free speech, and although many may not agree with what you have to say today, you are our guest and you are most welcome here, sir.

Russia has had an enormous influence on the world, as we know it, through art, culture, science and politics. Most of these great gifts to the modern world have been highlighted and celebrated at the recent Olympic Games in Sochi. For two weeks this winter, the entire world celebrated all things Russian. Classical music, literature, ballet, scientific advancements, caviar and vodka! The first words in space were uttered in the Russian language by Yuri Gugarin. "How beautiful is this planet—let us preserve it—not destroy it."

Ladies and gentlemen, we are honoured to have Her Excellency, the Rt. Hon. Adrienne Clarkson, 26th Governor General of Canada, here today. Her Excellency represented Canada around the world and had the honour of receiving Ambassador Mamedov when he presented her his credentials to the government of Canada in 2003.

The Empire Club of Canada is pleased to provide its members and guests an opportunity to hear from today's speaker, His Excellency Georgiy Mamedov, Russian Federation Ambassador to Canada. Mr. Mamedov is the Dean of the Diplomatic Corps— meaning he is the longest-serving foreign ambassador in Canada.

Dr. Mamedov graduated from Moscow State Institute of International Relations and holds a PhD in History. He has been in the Russian diplomatic service since 1972. In that time, the Ambassador has served his country in the United States and is widely regarded as one of Russia's experts on the United States and Canada. Prior to his appointment as the Russian Federation's Ambassador to Canada, Dr. Mamedov was Russia's Deputy Minister of Foreign Affairs. Ambassador Mamedov was one of Russia's key envoys for diplomatic discussions with the White House, the United Nations and NATO.

Ladies and gentlemen, the Ambassador of the Russian Federation, His Excellency Georgiy Mamedov.

Georgiy Mamedov

Thank you, ladies and gentlemen. It's almost like a homecoming, because I remember I made a presentation several years ago. I was told I have 20 minutes to blow everything apart, to take the barn down, and then to field provocative questions. I will try to accommodate you, but before that I want to say a few words.

It's my eleventh year in Canada. I am a happy man here. I'm proud of what I have been able to achieve together with Canadians over these 11 years. First, the Arctic Treaty Search and Rescue was signed, thanks to the initiative of Canadian and Russian military people. It's a plus for the Arctic Nations. It was mentioned by our host that the pinnacle of our cooperation was assuring security for the Olympics. You remember the terrible prognosis about terrorism, lack of human rights and people suggesting one shouldn't go to Sochi. Now, I hope we can share in the success. I was never so deeply involved in your Special Services. I hope somebody in this room represents them, and I want to hail them and salute them for the cooperation they provided us in keeping both your and our sportsmen, and everybody else safe and secure.

You'll appreciate the importance of the G20 Group, which was launched by your former prime minister, Mr. Martin. He gave us a lot of advice on how to organize the G20 group last year in St. Petersburg. Recently, just a couple of months ago, the G20 met again. It was actually working on what we agreed on in St. Petersburg. The important part of this agreement was the consensus between Canadian economists and Russian economists. I want to pay tribute, especially, to your late Minister of Finance, Mr. Flaherty, who made a tremendous contribution to the success of the G20 in St. Petersburg. I hope there will be an equally successful one in Australia. We did a lot over these years. The most important part, of course, was to know Canadians.

I was very happy to hear our host reiterate that you are a peaceful people and that you care about the world, because I know it. I live here. Whenever we have some free time, my wife and I do not go to the casino to risk my pittance of a salary, but rather we go to Perth, to Merrickville, to other little towns, which remind me so very much of Russia and Europe in general. There is certainly a connection and, of course, it's the people.

For me, it's also a homecoming of sorts because of the presence of Her Excellency. I was privileged that when I became Ambassador here, my first assignment was to accompany Her Excellency on a trip to Russia and the North. I was never in the north of Russia myself. It was an eye opener. The most brilliant speech I ever heard on what we people of the North have together was from Her Excellency at the Institute of Mining in St. Petersburg. It should be written in golden letters in the annals of Russian-Canadian history.

I was also very happy to present Russian State decorations to such outstanding Canadians as Her Excellency, Monsieur Chrétien, and some others. There is a bond. Now when we are in a rough patch in our relations, I feel very sorry and I believe I owe it to you to explain our position, but not in propaganda terms. I am an old man. I will soon retire and return to the academic community, so I don't stand to risk much. I, frankly, must speak my own mind. I don't need any instructions. I didn't receive many when I was ambassador here. I don't think it's time to start now.

I think I owe it to you, my friends, Canadians, to explain certain things from our perspective, to give our side of the story. You know this famous saying, "There are three sides to the stories: mine, yours and fairness." I will try and give mine in 20 minutes and then let you tear me apart. I'm quite happy, because deep inside you really want to find out and to know. You want everything to come to a happy conclusion and the Ukrainian people to live happily in sovereignty, be one country, and deserve the freedoms that they were fighting for, for such a long period of time.

I will start with history, because I am an historian by profession, not that much of a diplomat. History always hurt me when I had negotiations with my American counterparts, with my Latin-American counterparts, with my European counterparts, with my Canadian counterparts, because I'm an old man and I remember how it was and how positions of different governments change. I'm not a public relations man who can say one thing today and then run from it tomorrow. It will continue to haunt and hunt me and will find me eventually.

The first question that was asked of me, or rather I was rebuked about when I arrived in Canada was, "How can you represent the great culture of Russia, land of the North, of Gagarin and Tolstoy, and be on the wrong side of history in Iraq?" My answer was, "I believe it's a tragic mistake that my American friends made and we must all try and do something about that." I was always trying to give a certain amount of face-saving for people who made mistakes. I hoped that the Cold War suspicions and legacy were behind us. Unfortunately, I have proved to be wrong lately.

My appeal to you is if you want to find whether you're on the right or the wrong side of history, try to learn the history first. Then you will learn simple things such as that Russia, as an entity, was launched in Kiev 2,000 years ago, not in Paris, not in London, not anywhere else. This is where the so-called rouse started. Also, you would understand that the Russian Black Sea Fleet was not introduced by Putin several months ago, but has been in Crimea for 300 years. You will also know that my country lost 30 million lives, the population approximately of Canada, fighting fascism and, by the way, helping the Ukrainians against fascism 70 years ago. After the Second World War, two cities were proclaimed heroes. There was Stalingrad, that you all know, and Sevastopol, that you probably learned about lately. The blood that soaks the land of Crimea is shared by our people. It's a bond that you can't easily ignore.

What is the current situation in Ukraine? First of all, it's a tragedy. It's a tragedy because for many years after the collapse of the Soviet Union, it was hard for the Ukrainian people to establish the kind of government that they deserve. It was equally hard for Russians. Such great changes like the collapse of a nation state with ideology, economy, social programs, everything, doesn't go easily. I remember in 1993, when I was heading to an important delegation to negotiate nuclear arms with the Americans. I was driving to the airport from downtown Moscow. It was tense. It was tense rolling down the streets of Moscow in 1993, with shooting in the Parliament where Communists constituted the majority. I remember how Canadians, Americans and other world partners universally supported this move, which wasn't exactly a legitimate parliamentary struggle. I know that such huge changes are dramatic and revolutions are messy.

We call what happened in Kiev, in February, a coup; others call it a revolution. As an historian, I know there is very little difference. Some people call the October 1917 revolution a coup. Some historians call it a revolution. By the way, I think your timing for this speech was perfect because, as an historian, I want to remind you that on April 22, the greatest Bolshevik revolutionary, Vladimir Lenin, was born. It's interesting historic irony that I address you on his birthday at the Empire Club, because one of his most cherished plans was to take apart the Russian Empire and all the other empires.

Revolutions are messy. After the 1917 revolution, the Bolsheviks took power, some say during the coup and others say during the revolution in St. Petersburg. There were also three more governments, which simultaneously appeared in Russia. One in Kiev, which was occupied by Germans and supported by the German Army. Another government in Crimea, a government, which was led by Czarist generals, supported by the French and the Brits, who have always been very interested in relations with Russia and Crimea since the Crimean War. The third government was in the Far East where the Japanese helped another Czarist general to create a government. There were four governments at the same time.

You can't expect revolutions or coups or whatever not to be messy. Unfortunately, as my old friend and former Director of Central Intelligence, Bob Gates, used to say, it is during revolutions that the most ruthless and organized take power. This is exactly what happened, in our estimation, in Kiev. What started as an anti-corruption revolution was hijacked by nationalists with a very Russophobic agenda.

The first move was to ban the Russian language. The second move was to fire the constitutional court. Right now whether you like it or not, there's only one legitimate President in Ukraine according to the Ukrainian constitution— Mr. Yanukovych.

According to the Ukrainian constitution, there are only three ways of disposing your legitimate president. One, he writes his own abdication, which I don't suppose Mr. Yanukovych wants to do. Number two—there is an impeachment. Number three—he dies. That, unfortunately, was very close. He was shot at. He had to run for his life initially to the regions where he believed he would be welcomed. He was afraid. He saw what happened to Mr. Gaddafi and others. He didn't want to follow suit with his family. His main aide wasn't prosecuted or anything else. He was shot in Kiev when he was naïve enough to wait for some clearance. He was shot. Mr. Yanukovych was equally afraid of that.

Theoretically, there is only one legitimate guy there. The rest from the standpoint of the Ukrainian constitution, are just guys who took power. It happened in Russia, 1917. It happened in the United States many years ago and elsewhere. It happens, but it's messy. Immediately, when this new authority took control, its first move scared the daylights out of the part of Ukraine where people speak the Russian language and have traditional ties with Russia. The main slogan was, and I remember the headlines in local newspapers, that finally Putin and Russia lost. We have all our guys in Kiev. They will be part of NATO and so on and so forth. Actions followed. Actions, of course, speak louder than words. The Russian language was banned. Later, Russian TV and radio were banned. It's difficult for young Russian males, ages from 16 to 60, to enter Ukraine. Other things happened as well and there was another revolution in Crimea.

Crimea was always considered to be a part of Russia, historically. Why did Khrushchev give it away in 1954? I haven't heard anybody here discuss it. Why did he do it? Because it was one country, the Soviet Union. He was a Communist leader. He gave it to the Communist leader in Ukraine. What was the reason? The reason, unfortunately, was a very murky one. Stalin died in 1953. You know what a terrible monster Stalin was. I know it personally because he shot my grandfather. Of course, my grandfather was an innocent man and was a hero of the Second World War, but those were the terrible purges that were conducted by Stalin.

One of the people, who was closest to Stalin, who was in charge of his purges, killing hundreds of thousands of people in Ukraine, was Khrushchev. It's not just gossip. There are documents in archives that are signed personally by Khrushchev sending people to firing squads. To try to distance himself when many people were being killed and purged after Stalin died, he decided to make a gesture. He didn't give a damn about the history of Crimea. He was dealing these people as if they were serfs, giving them from one baron to another because they were inside one Communist country.

In 1991, for all reasonable people, it was obvious that if the Soviet Union was to fall apart, Crimea should remain, of course, with Russia. President Yeltsin was involved in a bitter power struggle with Gorbachev, who tried to retain the Soviet Union. Yeltsin, of course, wanted to tear it apart—to take Russia out of the Soviet Union.

When the question of Crimea was raised between party boss Yeltsin, since he was a party boss in Moscow and head of the Communists of Russia, and the party boss of Ukraine, Yeltsin didn't give a damn about Crimea. He wanted to have all these regional party bosses on his side so that he could defeat Gorbachev, which he did eventually. Again people were given away like serfs.

When these revolutions or coups started in Kiev and we had the new version of Bolsheviks there, with very nationalistic, anti-Russian attitudes, people in Crimea thought, "Why can't we do the same?" They did. Yes, there was the Russian Fleet there. I will tell you what was there. There were 20,000 Russian troops in Crimea.

There were 20,000 Russian troops with the Black Sea Fleet. There were 20,000 Ukrainian troops there. Now, out of these 20,000 Ukrainian troops, only 3,000 decided to go back to Ukraine. The rest are serving with the Russian Army, which tells you something. It was not only that, but you remember during the bloodshed in Kiev during the coup, the Berkut Special Forces were involved, Special Ukrainian Forces, not Special Russian Forces. Of course, they were immediately disbanded after the new authorities took power. Many of them have families and they went back to Crimea. We didn't need to have any additional troops crossing the border from Ukraine to Crimea. We already had our troops there and the Ukrainian troops were quite prepared for the independence of Crimea, because they lived there and 80 per cent of them were Russians.

What happens now in Crimea? Not a single person was killed; no purges. The first thing that we did was to rehabilitate the Tatar ethnic community almost like you did here with First Nations. We provided them with greater representation.

These people now believe they have come back home. Leo Tolstoy was mentioned here, but Leo Tolstoy didn't only write "War and Peace." Leo Tolstoy was also a war correspondent in Sevastopol during the Crimean War. If you want to learn about the close ties—historical, psychological and otherwise between the Russians in Crimea and Russians elsewhere—read Tolstoy. Don't listen to me. Don't trust me, or Harper, or Putin; read Leo Tolstoy. People like him don't lie. You will understand these close ties and why people are so happy to be back in Russia.

Now to Ukraine. What do we want in Ukraine? We want a united Ukraine. We don't want a divided Ukraine. Out of 150 million people who populate Russia, 25 million are Ukrainians. You have a million and a half here; people who are very energetic, outspoken and so on and so forth. Imagine when you have 25 million. It's quite an interesting community, with divided families and otherwise. Another three million Ukrainians every year work in Russia. They sent back home last year something like $20 billion. It's not a pittance if you take the sad state of the Ukrainian economy right now. There are numerous ties.

When you speak about air space, when you speak about my favourite military industrial complex, we still have ties. We are very interested in stability in Ukraine. There is a lot of talk about Russian troops on the border of Ukraine. Of course we are concerned, because Ukraine is on the brink of civil war. Will we use them? I can give you my personal assurances. Troops won't cross the Ukrainian border. It's the last thing we want. It would be a disaster not only for the people, who feel deeply about Ukraine, but a total disaster for Russia.

What are those troops doing? They are preventing all these extremists from taking vengeance on people who speak and act Russian. You may say it's a lot of fairy tales. Let's put it to the proof. That's why it was Russia, not the United States, not the European Union, not even my favourite Canada, that was behind organizing the Geneva meeting on April 17. There was a broad agreement there that we must stop violence, that we must disarm these extremist groups, that there must be effective constitutional reform, so people in Eastern Ukraine will feel equally empowered.

In Western Ukraine, my host mentioned Joe Biden. I happen to know Joe Biden very well. He's a very interesting guy. Before he was in charge of Iraq. Then he was in charge of Afghanistan. Now he's in charge of Ukraine. God bless him. I know him very well. He's a nice guy.

In his speech he castigated Russia, which is to be expected. We also castigated the Americans. He also said that we need real constitutional changes in Ukraine. We need more autonomy for Eastern Ukraine so that the people feel secure and can participate in forthcoming presidential elections. We want nothing better than to have a publicly elected, legitimate new president for Ukraine, with whom we can resume discussions.

This is what we want. It will be hard. There's huge suspicion. People are fanning up anti-Russian hysteria. Stereotypes are still very much alive. I know it. We also have our lunatic fringe, our tea party in Moscow and elsewhere. Whenever I had to conclude important arms control negotiations with the Americans, my chief opposition wasn't the American Military. It wasn't stupid enough to wage nuclear war with Russia. It was many people of certain Cold War upbringings back in Moscow. I had to convince them. I remember when we had hearings and ratifications of these treaties. I was publicly accused of treason and everything on the floor of my Parliament. I'm used to this stuff. I have been through difficult patches.

I only want us to work in concert to help the Ukrainian people finally get the government they deserve, because I'm absolutely convinced it's in the national interest, not only of Canada, the United States, Europe, but also of Russia. We want Ukraine to be on equally friendly terms with the West and with Russia not make this stupid choice between being friendly to Russia or being friendly to the West. I think it's hugely artificial and destructive to impose this choice on Ukrainians.

When I was last summoned by my friends in Foreign Affairs, I told them if you want to be serious players, if you want to help Ukrainians, if you want to be instrumental in national reconciliation in Ukraine, join the group. Be with us. Americans, Europeans, yes, we argue, but we're trying to do something. It's much harder than just standing on the sidelines and bad-mouthing everybody. It's deeply offensive to people who lost 30 million lives to be compared to Hitler or Germany. I will leave it to the conscience of those who make such terrible pronouncements.

I'm an eternal optimist, probably because I presided over the Cold War negotiations with the Americans over nuclear arms when we were really close to the brink on numerous occasions. I'm absolutely certain that common sense will prevail, that we'll cut through this hysteria and suspicion and that together we'll help the Ukrainians come together, live happily, be independent and not be concerned about Russian intervention or about Western imposition of certain people in government, whatever is the case.

The only thing I want is to return to normality. Yes, there will be disagreements. I won't be able to convert you, but I was trying to give you an historic viewpoint, from the standpoint of a guy who's been around for much more difficult patches. There won't be a Cold War. There won't be a Hot War. Russian troops won't cross the border of Ukraine, but we will have to come to some important agreements to help Ukrainians determine their own future.

Thank you very much.

The appreciation of the meeting was expressed by Dr. Gordon K. McIvor, Executive Director, National Executive Forum on Public Property, and 3rd Vice-President, The Empire Club of Canada.

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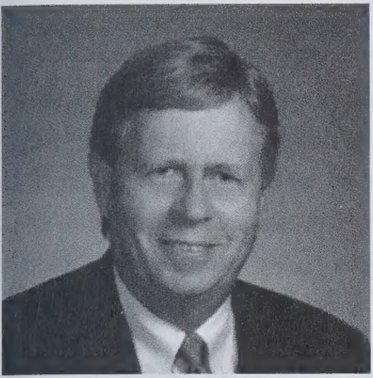
April 23, 2014



J. Robert S. Prichard

Chair, Metrolinx

TRANSFORMING THE WAY THE REGION MOVES: METROLINX'S CURRENT AND FUTURE PLANS

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Thomas McKaig, Adjunct Professor, University of Guelph, Author for McGraw-Hill Publishers, and Director, The Empire Club of Canada; Capt. Rev. Neil Thomson, Pastor, Evangelical Lutheran Church of the Reformation, Kitchener, and Regimental Chaplain, Royal Highland Fusiliers of Canada, Cambridge; Sevaun Palvetzian, CEO, Greater Toronto Civic Action Alliance; James McKellar, Associate Dean and Director, Programme in Real Estate and Infrastructure, Schulich School of Business, York University; Robert Noronha, Partner, Mergers and Acquisitions, Deloitte; Michael Wolff, Infrastructure from the Debt Capital Markets Group, TD Securities; Dr. Gordon K. McIvor, Executive Director, National Executive Forum on Public Property, and 3rd Vice-President, The Empire Club of Canada; Marni S. Dicker, Executive Vice-President, General Counsel and Corporate Secretary, Infrastructure Ontario; David Peterson, Chair, Cassels Brock & Blackwell LLP, and Former Premier of Ontario; and Doug Turnbull, Deputy Chairman, TD Securities.

Introduction by Noble Chummar

Today's speech is about moving millions of people from their homes to their offices, airports, universities and to our loved ones. It's about managing urban sprawl and optimizing land at appropriate densities. It's also about empowering people to live and work in communities without depending on unreasonable times of travelling to do so. It's about tackling gridlock and investing in public infrastructure. Today's speech is about the environment and our quality of life as much as it is about the economy.

To introduce our guest speaker today, please welcome Mr. Doug Turnbull, Vice-Chairman of the TD Bank.

Introduction by Doug Turnbull

Thank you very much. I've always wanted to welcome Rob Prichard to the podium so today it gives me great pleasure to do that. Many of you know Rob from his exceptional work in this city and across Canada. Rob's a pretty unique guy. His long and illustrious career includes the world of business, government and academia and, in every case, he's operated at the very highest level of performance.

Rob earned an Honours Degree in Economics at Swarthmore College, his MBA at the University of Chicago and law degrees at U of T and Yale. He was a distinguished law professor and then became the youngest dean ever at Osgoode Law School. He then went on to become president of the University of Toronto for 10 years during which he presided over the most successful capital campaign ever, raising a record $1.4 billion and changing the way universities in this country raise money.

After his term at U of T, Rob became president and CEO of Torstar. He was on the Board of Directors of Four Seasons and advised on its going-private transaction. He is on the Board of Onyx, George Weston Limited, Penguin Canada and the Toronto Community Foundation. He's a trustee of the Hospital for Sick Children. He's on the boards of Canada's Economic Advisory Council and Ontario's Economic Advisory Panel and he's a trustee of Ontario's Innovation Trust. Rob is chairman of the Visiting Committee at Harvard Law School. He chairs the Board of Tories and acts as an advisor to CEOs, boards, and I suspect many, many lawyers in that fine firm. He's chairman of the Board of Canada's oldest bank, the Bank of Montreal, and here's one of my favourites and the reason why we're all here today.

Rob chairs the Board of Metrolinx and also served as CEO of that organization. This is a board that I'm enormously privileged to also be a member of where I get the benefit of Rob's leadership as one of the most widely recognized corporate governance experts in the world. In fact, the Institute of Corporate Directors program at Rotman School regularly highlights Rob's accomplishments and influence as the leading director in this country. Rob is a member of the Order of Ontario. He's an officer of the Order of Canada and a Fellow of the Royal Society of Canada. Now you know why Toronto Life calls him the "busiest man in Toronto."

I should also add that Rob is the single most effective fundraiser in Canada. Rob, I probably shouldn't have said that because you'll get lots of calls now for help. Rob acts for a variety of worthwhile causes and has a very big heart. It kind of makes me wonder what I've been doing the last 40 years in my career when I look at Rob's. I can't do justice to all of Rob's accomplishments in these few brief comments. What I can say is that there's no better contributor to civic and corporate life in this country than Rob Prichard and I'menormously proud to call him a friend.

Please join me in welcoming him to the podium.

Robert Prichard

Douglas, thank you for those very, very generous, wildly exaggerated, but welcome remarks. Thank you very much. I want to thank Noble, you and the Empire Club for having me. This is not the first time I've spoken at the Empire Club. I consider it a highly honourable platform and I'm grateful because there are some things I'd like to say.

At the same time, at the risk of singling out one among many friends, I do want to say it's so appropriate to have David Peterson sitting at the head table because it was David who first got me involved a long time ago in provincial public policy and provincial politics and I'm grateful to him for that and for the example he set.

Greater Toronto is a terrific success story. Our city and our region are booming. We're growing and we're thriving and we're the envy of cities almost everywhere. Toronto's become a magnet for people from across Canada and from around the world. Greater Toronto is already the fifth-largest urban agglomeration in North America, behind only Mexico City, New York, Los Angeles, and Chicago. We're adding about 100,000 people a year as one of the fastest growing regions in the western world. In 20 years, we will have added the equivalent of the entire city of Montreal to our population, Montreal being Canada's second-largest city.

We're also one of the most diverse, wealthiest, healthiest, safest and most tolerant societies the world has ever seen. Toronto is regularly ranked as one of the world's most livable cities, fourth in the Economist's 2013 rankings.

This success of Toronto must be the starting point for any discussion of transit and transportation. Our challenge is a direct consequence of our success. Put differently, we have a high-class problem. Our success as a city region has outstripped our infrastructure to accommodate our growth. What was adequate in the 1960s and '70s and even '80s is not adequate for Greater Toronto in the 21st century. We're playing catch-up. We have a lot to do. If we fix it, we can keep growing and become even stronger. If we fail to fix it, our future will be constrained and we'll have missed a great opportunity. Congestion, not growth, will become our dominant symbol.

It falls to Metrolinx to lead the fixing of all of this to ensure that Greater Toronto has transit and transportation infrastructure worthy of the great urban region we have become, to transform the way people move within the region, and to enhance both the quality of life and economic prosperity of the region.

What a privilege it is to have this assignment. It's so personal. We can all relate to the issues. Take my family, for example. We have a home in the centre of Toronto and a farm in Durham, near Uxbridge. To get to work depending on the weather and my schedule for the day, I ride my bike as I did today, or I take the Spadina subway, or the St. Clair streetcar, or drive my car. To go to the farm on Friday evenings, I skip the traffic and take the GO train to Whitby, followed by the GO bus to Port Perry, or I take the train to Lincolnville, followed by the bus to Uxbridge where my wife, Ann, picks me up, or I drive up the DVP and then the 404, with, I hope, one or more of my sons in the car so I can use the fast high-occupancy vehicle (HOV) lanes, and when I get caught in the rain in the city, I jump on the Bay Street bus, or I take my bike on the subway to avoid getting drenched.

No one mode of transit could possibly meet my needs and no transit in a single part of the region could possibly meet my needs. I depend on the whole pallet; an integrated network of different modes for different needs at different times for work and for play across the region and I have this in common with every other resident in the region. We need to get around easily, quickly and reliably. It makes all the difference. We all know how frustrating it is when caught in traffic or on a train or a subway that isn't moving. Good mobility makes our lives better. It's as simple as that and the same is true for the movement of goods.

We're not alone in needing to close the gap between the city's needs and its current reality. Most fast-growing urban regions experience a lag between their needs and the infrastructure with rising congestion the result. Indeed, if we go back in the history of Toronto, that was the case here. As we came of age in the early 20th century and began to grow, it became clear that strength in public transit would be essential for our continued growth, but the original proposal for a Yonge Street subway was rejected by the people in a referendum in 1912, deferring the project for over 30 years. It was only in the development boom that followed the Second World War in Toronto that the project regained traction and was finally approved by referendum in 1946.

We now take our subway for granted, but it was a long time coming. In the United Kingdom, London presents much the same story. London is now properly celebrated for its transportation governance with Transport for London and its current massive Crossrail Project. But it's worth remembering that Transport for London was created only in the year 2000, borne of heavy congestion as London boomed, and the Crossrail Project, which was first imagined in the 19th century, was revived in the 20th century. It was named in 1974 and only broke ground in 2009.

It's a great success now, but it took time, sustained effort and major investments to make it so and we'll need the same here in Toronto.

Transit projects are inherently difficult. They're expensive. They're measured not in millions of dollars, but in billions of dollars. They typically require financial support from multiple levels of government. They're technically environmentally demanding and they take years to plan and to build. The planning cycle usually extends well beyond the life of any one government. Elections intervene and new governments can mean new plans. Transit projects affect citizens directly—where they live and where they work and, as a result, they're intuitively understood by citizens and evoke a high level of welcome citizen engagement and interest.

Everyone I meet on the subway, in the boardroom, or at the dinner table has an opinion, often strongly held, about what needs to be done about transit. Polling in Toronto today reflects intense citizen engagement with transit issues. They usually rank first among voter concerns, but these same voters are often divided on the right way forward. There are honest differences of opinion among good people, disagreeing on the best solutions.

The Scarborough LRT versus Scarborough subway debate is an excellent example of this phenomenon with competing views, not always well-grounded in evidence and analysis, but strongly held and nearly equally divided. Not surprisingly, our politics reflect this same phenomenon.

Excellent planning and analysis based on evidence are essential to resolving these issues, but they alone are not enough. In the end the choices must be shaped and secured by a strong, public and political consensus that we are on the right track and it's in this context that we at Metrolinx do our work.

Metrolinx is an organization of transportation professionals—experts who have made their careers in getting people and goods to where they need to be. They deal in analysis and evidence, benefits and costs, alternative technologies and capacities, innovation, network effects and the like.

At Metrolinx, we're measured by the quality and clarity of our work. We are not partisan. We're not elected. We serve and we serve best by giving the best advice we can and implementing our plans as effectively and as efficiently as possible. We're not the ultimate decision makers. That is the responsibility of the governments we serve, but the better our analysis and advice, the more persuasive we will be in making sure the right choices are made.

This month at Metrolinx we celebrate our fifth anniversary of the new Metrolinx. Today, I want to report to you on the progress to date and set out the path ahead. We have made major progress and we're poised for much more. We have had some disappointments, but they pale relative to our successes. We have tangible achievements and positive momentum. I'm absolutely confident that the future of transit in the Greater Toronto and Hamilton Area (GTHA) will be better than the past.

The original Metrolinx was created by the Province of Ontario in 2006, led by Rob MacIsaac and Michael Fenn and guided by a board made up principally of mayors and chairs from the Greater Toronto and Hamilton areas. Metrolinx was charged with developing a regional transportation plan, responsive to the growing regions' needs. In 2008, with a unanimous vote of its board, Metrolinx produced the Big Move, a bold, 25-year, $50-billion plan to transform our transit infrastructure. It was good work. The plan won the Canadian Institute of Planners Award of Excellence. The province embraced the plan and made a multi-billion dollar commitment to it of almost $11 billion, the largest single financial commitment to transit in the history of Canada.

To implement the Big Move, in early 2009, just five years ago, the province merged the original Metrolinx with GO Transit and reconstituted the board of directors at Metrolinx, replacing elected officials with a lay board under the continued leadership of Rob MacIsaac.

I had the very good fortune to be appointed as the first president and CEO of the new Metrolinx, tasked with helping to assemble the board and recruit a permanent CEO to lead the organization. On both counts we did really well. We were fortunate to attract an outstanding board of directors, which is every bit as strong and as committed as the boards of our leading institutions and corporations in Canada.

Then Bruce McCuaig, previously Deputy Minister of Transportation, agreed to join us as our president. He's doing an absolutely outstanding job recruiting and leading a very strong staff of transportation and planning professionals totally dedicated to our mission. It's a privilege to work with all of them. They are absolutely terrific people.

We took as our vision working together to transform the way the region moves and we made it our mission to champion and deliver mobility solutions for the Greater Toronto and Hamilton areas and then we got down to work.

We were given a five-fold mandate. First, improve and grow GO Transit as the backbone of regional transit. Second, build new infrastructure both for GO Transit and with our partner transit agencies starting with the first funded projects under the Big Move. Third, develop PRESTO as an electronic fare card for all transit systems in the region as an essential foundation for seamless fare integration across the region. Fourth, prioritize the next waves of projects, keep implementing the Big Move and do a full review of the Big Move by 2016 to ensure we're still on the right track. And fifth, make recommendations for sustained funding of the Big Move.

We've made important progress on all elements, all five elements of this mandate. Let me start with GO Transit. I'm so proud of what that GO Team has achieved. Created in 1967, GO Transit now delivers over 65 million rides a year and is one of the most successful urban rail systems in the world. Where service quality was once unreliable, it's now exemplary. Guided by a passenger charter and backed by an on-time guarantee, GO Transit delivers a first-class passenger experience. Last year, GO Transit was winner of the outstanding Public Transportation Achievement Award from the American Public Transportation Association. This is the Oscar for transit systems in North America, a major achievement for GO.

GO is delivering more service and more riders every year. We're expanding GO train service and bus service across the region, including now to Kitchener/Waterloo. More communities want us to reach them as well and, resources permitting, we'll keep growing. We're revamping Union Station to triple the GO Transit concourses and improve the platform environment. On our seven corridors, we have over 100 projects underway to increase capacity and this past summer, we've launched 30-minute, all-day, two-way service on the Lakeshore corridors, the largest expansion in the history of GO. We're receiving rave reviews for this new service level and have grown off-peak ridership by 30 per cent.

GO is critical to relieving and reducing congestion in the GTHA. Our congestion challenge is not an issue limited to the city core in Toronto. It can be found across the region, on the QEW, the DVP, the 401 and other highways. We need regional solutions to regional congestion and GO is an extraordinary asset on which we can build, and now that it's firing on all cylinders, we can and will do much more.

Our second mandate was to get going with new transit projects and we have. The biggest complaint I hear about Metrolinx is nothing's happening. That's dead wrong. We have over 200 projects planned and underway as part of the first wave of fully funded projects under the Big Move. Let me cite some highlights.

First, we're building the Eglinton Crosstown LRT, which will run from Weston Road in the west to Kennedy in the east with an 11-kilometre tunnel in the middle where the street is narrow and the traffic is heaviest. The Crosstown will have 25 stations and stops. It will have links to 54 different TTC bus routes, three subway stations and three GO Transit lines. It will be a transformative addition to Toronto's transit network. It's a big project with a $5.3-billion budget. We're digging the tunnels now and will complete the project for service in 2020.

Second, in York and Peel regions we have dedicated bus/rapid transit lines under construction with our municipal partners. The first section of York's Viva Rapidway opened last summer and it's an outstanding success. More sections will open every year until we're done and the same will be true for the Transit Way in Mississauga.

Third, the Union/Pearson Express, our dedicated fast rail service from Union Station to Pearson International Airport linking Canada's two busiest transportation hubs, is largely built now and will be open for service in the first half of next year, well in time for the PanAm Games. This project has been talked about for 20 years. Metrolinx was given the task to deliver it only three years ago. We will deliver it on time and on budget. There will be a train every 15 minutes all day, both ways offering a reliable and comfortable ride in 25 minutes and it's right into Terminal 1 or right into Union Station; and you can get on and off the train at Bloor West or Weston as well if you wish.

Fourth, a TTC project and not Metrolinx's. The province is the largest financial contributor to the Spadina subway extension, which will take the subway past York University all the way up to Highway 7 in Vaughan. The extension will open in 2016.

We've made less progress than we hoped on our plans for LRTs on Sheppard and Finch and our plan to replace the Scarborough RT. We believe LRTs are an excellent solution for routes that need more than bus service, but lack the ridership demand that warrant a much more expensive subway. We have had difficulty maintaining the necessary political and public consensus to allow these projects, apart from the Crosstown, to proceed on the original timetable. We continue with essential preparatory work but we don't yet have shovels in the ground.

I won't rehash the full Scarborough debate here. Suffice it to say we will likely only know Toronto's lasting intentions after the new city council is elected this fall. We cannot proceed with any project even though the Scarborough RT is in urgent need of replacement.

Metrolinx has been consistent in its analysis and recommendations from a transit perspective. The Scarborough LRT was and is the right solution. At that same time, we respect the ultimate decision is for governments, not for us, and when all three levels of government landed on a subway as the preferred approach and the federal and city governments brought their cheque books with them, we acted to ensure the additional cost would not be borne by Metrolinx or the province, that some costs would be recovered from the city and our other projects would be protected.

Some wish that we had resisted the subway more vigorously. Others wish we would recommend the subway. We did neither. We did our analysis. We made our views public. We did our job and we respected the ultimate authority of political decision makers to make the choice. We remain committed to the three Toronto projects and have the funds committed to ensure they can go forward. The need is clear. We will get there, but it's taking longer than we would like.

In total, however, this is an unprecedented level of investment and building. We really are on the move.

Let me turn to PRESTO. The Big Move identified an electronic fare card as an essential building block of our integrated regional transportation system. It's not just about convenience. It will facilitate true fare integration. We have 10 transit systems in the GTHA. TTC and GO are the best known of the 10, but we also have them in Mississauga, York, Durham, Oakville and others. Passengers travel across the boundaries of these different systems from York to Toronto, or from Toronto to Mississauga, or Durham to Toronto, or Hamilton to Burlington. These passengers expect an integrated experience and fare, something we can only deliver with an electronic payment system. To this end, we have built PRESTO. We now have over one million PRESTO card holders and our users love it. It makes their travel easier and better. It elevates their experience, bringing it into the 21st century. Once PRESTO is fully deployed on TTC in about three years, we will have more than two million cardholders and the entire region will be using the same card. The City of Ottawa has also embraced PRESTO where it's up and running well.

To integrate 10 transit systems and service over six million people makes PRESTO one of the most complex fare card projects in the world. Not a surprise given the size, growth and complexity of the GTHA. With PRESTO, we're ahead of New York, we're ahead of Los Angeles, we're ahead of Chicago and we're closing the gap on the acknowledged world leaders like London and Hong Kong. Recently, Washington DC, following a competitive process, chose PRESTO technology for its transit system as it tries to catch up. Some say we should have chosen an off-the-shelf product instead of building PRESTO, but there wasn't one and there isn't one that could meet the complex needs of our region. Some systems might meet the needs of a single transit agency, but none could meet the integrated needs of our 10 transit agencies.

Others argue that PRESTO costs too much, but then simultaneously they usually point to London's Oyster card and say, "Why can't we have a card like that?" The reality is London's card costs more than PRESTO's cost. Adjusted for the size and complexity of our region, the cost of PRESTO, while certainly substantial, is very much in line. We're confident, once we have PRESTO fully implemented, the case for true fare integration across the region will become irresistible. We will have the electronic fare card to make it possible and the improvement in regional transit system will be palpable.

Planning and prioritizing the next wave of projects to implement and keep the Big Move up-to-date is the fourth dimension of our mandate. We're the custodians of the Big Move and we must constantly give life to it, not just by building projects but by updating the plan based on the best evidence available. We need to ensure that the plan we inherited remains the right plan with the right priorities for tomorrow. The Big Move is a living document, a clear guide to all we do, but open to change, to new evidence and needs that emerge.

Our planning responsibilities are unique. We are the only regional authority. That's not to detract from the importance of each of the 31 municipalities that constitute the GTHA, or the work of the other nine transit agencies that are partners within the GTHA. But it is to recognize that none of those cities and none of those agencies have the same focus as we do on the region as a whole and all the ways in which the many parts of the region come together and interact.

Greater Toronto has no single government spanning the region short of the provincial government itself. Contrast that with London where the Greater London Authority spans over the 32 boroughs that constitute London, creating a government squarely focused on the needs of the entire region and not just the individual boroughs. The Greater London Authority includes transport for London. The London-wide superagency is charged with all forms of transit and transportation planning. Ontario has not chosen this path for Greater Toronto preferring the autonomy and local control inherent in our approach.

We do, in Ontario, have a regional growth plan, but there is no regional institution concerned with land use, or growth, nor for water and wastewater infrastructure, or for economic development, waste management, or any other policy area. Metrolinx is the only regional institutional mechanism to support the single economic region of the GTHA. This underlines the centrality of our work and doubles the importance of our planning role given that transit and transportation infrastructure must both shape and serve the region.

To do our work well we must work with all the municipalities in the region, all 31 of them. It's through this work that we gain local insight and input and learn about the priorities of the elected officials and public servants in each municipality. But in the end, we must always ask what will serve the region best?

Our distinctive regional role and perspective is well illustrated by the current discussion about the relief line in Toronto. Within the City of Toronto most of the focus has been on a proposed new subway line to run from an eastern point on the Bloor subway southwest to downtown Toronto providing relief for the Yonge Street subway and potentially permitting its subsequent extension north to Richmond Hill. Our good friend and partner, Andy Byford of the TTC, who is here today and many others including more mayoralty candidates have identified this subway as a top priority for Toronto.

Metrolinx brings a complementary, but different perspective to the issue seeing the Yonge corridor crowding as a regional issue, needing a regional solution, providing relief not just to the Yonge Street subway, but to the need to move more people in and out of downtown from the north and northeast of the GTHA. As a result, we're doing our study of the issue in full partnership with the TTC, the City of Toronto and York Region. Our broader regional lens looks at how a number of solutions may help, including more fully utilizing the GO corridors through that part of the region and relying on fare integration to remove price disincentives, arising from different TTC and GO fare policies. Working together with the TTC, we'll get to a good multi-faceted solution that will serve the city and the region well.

This joint regionally focused effort is the value-added that Metrolinx brings to the planning table transcending the perspective of any one municipality or transit provider and focusing on the region as a whole. By working collaboratively with our partners, we can develop the most effective and efficient solutions that will serve the most people, at the least cost. We can also ensure that the prospect of relief is not held hostage to the 10- or 20-year timeframe for planning, funding and building a new subway by acting earlier and faster.

Let me return to the Big Move. The Metrolinx Act requires that our plan be reviewed not later than 2016. We've already started. We're asking how we can make a good plan better. We're consulting widely. We welcome advice. We've made public our proposed next-wave projects. These are excellent projects that call out for action—GO expansion, Hurontario LRT, subway expansion, Durham/Scarborough BRT, Hamilton LRT and numerous more. We'll continue to listen, to learn and to put forward the strongest analyses and evaluations we can, not only of the individual projects, but of their network impacts to ensure we capture their contributions to strengthening the regional transit and transportation solutions. We recognize that governments, not Metrolinx, will make the ultimate decisions, but we're confident our work will lead to better and more informed decisions.

Paying for the infrastructure and the need to keep pace with our booming region is essential. Transit and transportation infrastructure is, as I said, expensive. In the short run, it's easy to put off and avoid these costs with delay and deferral, but in the long run we all suffer from the economic, environmental, and quality of life costs that arise from underinvestment in infrastructure. One needs only to observe the overcrowded roads, trains, subways, streetcars and buses in Greater Toronto to see the consequence today of our neglect. It's simply not worthy of us as a community. It shortchanges all of us and those that will follow us. The annual economic cost in the GTHA is over $6 billion a year and growing. It's intolerable and, worse still, an unnecessary burden for our region. Our statute required us to make recommendations by June of 2013 on how to sustain investments in transit infrastructure to complete the Big Move. Our report was followed by Anne Golden's Transit Investment Panel Report. Our reports emphasize the need for sustained financial support, specifically dedicated to the projects within the Big Move. Sustained means being insulated from the ups and downs of annual budgeting, avoiding the on-again, off again pattern of earlier times that is so inconsistent with the multi-year nature of building transit infrastructure. Dedicated means being protected from the other demands for funds no matter how compelling.

Our reports were thorough and we comprehensively reviewed best practices globally. Our numbers and analyses have not been challenged. It was good work done by our staff.

We recommended potential new revenue sources, including increased sales and gas taxes, but these recommendations did not find favour in the current political climate deeply resistant to such increases. So be it.

These are the judgments politicians must make and I, for one, respect them fully for it. From Metrolinx's perspective, the critical issue is that we have the sustained dedicated funds to keep moving forward. How these funds are raised or reallocated from other purposes is not ultimately our concern. That is for governments to decide, not for us. Our concern is to be able to keep building, keep moving forward and keep moving people through the region better, and it's from this perspective that we so warmly welcome Premier Wynne's announcement last week at the Toronto Region Board of Trade. She released the Ontario Government's Moving Ontario Forward Plan, an ambitious plan to build new infrastructure across the province. These funds would be sustained over 10 years and dedicated, just as we recommended. The Premier's plan outlined major infrastructure improvements across the province, with an investment in transit in the GTHA of $15 billion over 10 years and an emphasis on projects we've already identified through the Big Move and Next Wave priorities.

Some tough choices will still be required but this is a great step forward, exactly what we need to keep moving forward. I'm enormously encouraged by the announcement. These funds are on top of the funds previously committed, which amount to about $16 billion. Together this means we'll have over $30 billion committed to the Big Move.

A key priority initiative the Premier outlined is what we call Regional Express Rail—a 15-minute electric train service across the GO rail network. This is vitally important to the region. It would move the most people at the least cost. It would help us alleviate highway congestion across the GTHA. The project contemplates making the GO train corridors virtual surface subways, with service so frequent and fast that the trains become an irresistible substitute for driving, thus significantly mitigating traffic congestion as well. Imagine going to the GO station confident that the next train will be along soon, just like when we go to the subway station. How liberating and convenient will that be?

The GO Regional Express Rail initiative is the next natural step in our progression from an original commuter service to two-way, all-day service on the Lakeshore to electrified express rail on all seven corridors within a decade. For us at Metrolinx, it's the realization of a central element of our vision reflected in the Big Move. It will transform the way the region moves—fast, convenient, safe and reliable, building on our passenger charter and customer-centric approach to service.

We'll build on the work we've already done on electrification and on the environmental assessment for electrification of the Union/Pearson Express. We'll deliver a plan in the coming weeks to implement our express rail vision. It will be another big step forward, the kind of step that reflects our full possibilities as a region and as an agency.

I'll acknowledge we have a decade of work ahead of us to make this vision a reality, but with sustained and dedicated funding in hand, we can and we will do it and it will transform the way we move. Despite all of our progress, some cynics may suggest that our vision and plan will be merely ephemeral, part of the electoral posturing and subject to evaporating following municipal and provincial elections to come.

That is not my view. I don't doubt elections matter and will make a difference. They should. That's why we have them, but our greatest asset is the broad public and political consensus that is developed across the region that our congestion is unacceptable, that major new infrastructure is required, that it requires significant new, sustained and dedicated investment and that the time to act is now. There's lots of room for debate on the details, but not on the agenda and the direction. Regardless of political persuasion, congestion, traffic and transit are at the top of the public's concerns. Woe to any government at any level that ignores this reality for Canada's largest city, region and economic engine. Deferring, yet again, is not an option.

We at Metrolinx must not engage in politics or harbor political preferences, and we don't. We are public servants in a public agency. We are public advocates as well. It's right for us to speak out about the region's needs and to applaud when positive announcements are made. We'll keep doing that and we hope to have reason to applaud often in the years ahead.

We'd also like to have more to applaud from Ottawa. We have received important support from Ottawa for Union Station, for parking garages for GO and the Sheppard LRT among other projects, but we need more. We need sustained, systematic and dedicated support for urban transit in Canada's major cities. There's no investment Ottawa could make that would do more to increase productivity and enhance economic growth than to reduce congestion and improve the movement of people and goods in our most important urban areas. It is good economics. It's good policy and it should be good politics.

The province and the city cannot bear this load alone. The infrastructure deficit is simply too great. We need an active and committed partner in Ottawa. The late, and now much missed, Jim Flaherty understood this well. Jim regularly rode the GO trains from Whitby and he knew what a difference they made to his community. He invested in GO and Union Station and made a real difference with those investments, and I hope Ottawa will build on that legacy. It could make a powerful difference to our prospects and our pace of work.

Let me finish with a comment on governance. A persistent question I get is why don't we have elected politicians on the board of Metrolinx to ensure public accountability and responsiveness to the 31 municipalities that constitute the GTHA? Given the importance of these issues, don't we need politicians governing the agency and making the calls?

The short answer is that our statute prohibits it. No elected official or government employee from any level of government can serve on the board. All members of the board must be lay citizens. This was a deliberate choice made by the province in 2009 when the new Metrolinx was created.

Personally, I think it was the right choice. In my view, we don't need more politics in transit planning and implementation. We are politically accountable to the province and report to the Minister of Transportation. We have an important partnership and working relationship with the province. We also work with all the municipalities within the region. We accept without qualification that these governments make the final decisions and these are ultimately political choices that are made. Would it be better if some municipalities were represented on our board by elected officials from the municipalities? It could not be all of them given there would be 31 municipalities vying for seats on the board. A representative of any one municipality would be inherently conflicted; balancing her duty to her municipality with her duty to our regional mandate, bound never to favour her municipality over the interests of others. It would be a difficult assignment for sure and even more difficult to enjoy the full confidence of those municipalities not represented.

In my view it is better to clearly delineate and distinguish our role as public servants from the ultimate decision-making authority of our municipal and provincial political masters. Let us focus with our staff on planning, analysis, evidence, operations and implementation. Let uniquely mandated and skilled to do.

That said, we have recommended a change in our board, not to add elected officials but to draw closer ties with our municipal partners. We have recommended that our board be increased from 15 members to 18 and that six of those directors be appointed by the province on the nomination of the municipalities that make up the GTHA; one from each of the six regions—Toronto, York, Durham, Hamilton, Peel and Halton.

We believe these nominees would underline our regional mandate while bringing a deep knowledge of parts of the region from which they would be drawn making our strong governance even better.

Many have advice on how we can do better. Indeed, I don't know many people who don't have advice on how we can do better. We welcome that advice. We seek out that advice, but the one argument I never hear now from serious commentators is that we don't need Metrolinx— an agency with a comprehensive regional mandate to improve how people move and to reduce congestion in the region. No one could seriously imagine the GTHA today without Metrolinx and without the Big Move.

We need a strong and effective Metrolinx helping drive the region forward. We are making progress. We have great momentum. We have an amazingly good staff and board. We're excited about what lies ahead and we have the public championing our cause at every turn. We feel privileged to be able to serve and confident that an even more successful GTHA lies ahead.

Thank you very much for your attention.

The appreciation of the meeting was expressed by Dr. Gordon K. McIvor, Executive Director, National Executive Forum on Public Property, and 3rd Vice-President, The Empire Club of Canada.

April 28, 2014

The Hon. Kathleen Wynne

Premier of Ontario

JOBS, OPPORTUNITY AND SECURITY FOR TODAY AND TOMORROW

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

John Wright, Executive Director, Business Development, Northland Power Inc.; Nancy Croitoru, President and CEO, Food and Consumer Products of Canada; Ed Waitzer, Chairman, Liquor Control Board of Ontario (LCBO); Rod Phillips, Chair, Postmedia; Barry Avrich, Partner, BT/A, and Director, The Empire Club of Canada; Paul Fogolin, Director, Government and Stakeholders Relations, Ontario Retirement Communities Association, and Director, The Empire Club of Canada; Barry R. Campbell, President and Founder, Campbell Strategies Inc.; Tim Smitheman, Manager, Government and Public Relations, Samsung Renewable Energy Inc., and Director, The Empire Club of Canada; Captain Reverend Eleanor Clitheroe, Former President and CEO, Hydro One, and Former Deputy Minister of Finance; Mohamed Dhanani, Executive Officer at His Highness Prince Aga Khan Shia Imami Ismaili Council for Canada; Peter Devlin, President, Fanshawe College; The Hon. David Peterson, Chair, Cassels Brock & Blackwell LLP, and Former Premier of Ontario; Gerry Mcguire, Acting Vice-President, Finance and Investment Operations at Fairfax Financial Holdings Limited; and Professor Scott Mabury, Vice-President University of Operations, University of Toronto.

Introduction by Noble Chummar

What an honour it is to have the Premier of Ontario as our guest today. The Empire Club has hosted almost every premier since George W. Ross in 1905. In fact, three premiers, George Drew, Howard Ferguson and William Hearst, served as president of this club. Today's speech comes to us just days before the Premier's government tables its budget. On Thursday of this week Minister Sousa, who I understand is here today, will deliver the speech of his life in an effort to convince all members of the legislature and all Ontarians that Premier Wynne's government is staying the course and is fit to govern this great province.

Being premier must be tough. This room is filled with many CEOs and running your companies is probably filled with unimaginable challenges. Being premier, however, involves running a $130-billion company that isn't a corporation, but rather a society, where its shareholders are pensioners, parents, farmers, nurses, newborns and entrepreneurs. The job involves balancing the priorities of hundreds of different interests, and making decisions that can't possibly satisfy everyone. There aren't too many jobs out there that require balancing such profound human needs such as health care, education, agriculture and infrastructure.

I remember growing up in the late seventies in Toronto, and I remember my father's Ontario license plate. If you remember, back then it was "Ontario, keep it beautiful." It was a pretty simple statement, nothing fancy, just four words: "Ontario, keep it beautiful."

Premier Kathleen Wynne has spent her entire life keeping Ontario beautiful, in so many different ways. First of all, and probably most importantly, she is a mother and a grandmother. The Premier is a graduate of Queen's University and the University of Toronto, and has not one but two master's degrees. As a community activist and champion of public education, she was elected a Toronto School Board Trustee in 2000. And in 2003, she was elected to the Ontario legislature. Just three years after her arrival at the legislature as an MPP, she was appointed the Minister of Education, and subsequently held portfolios in Transportation, Municipal Affairs and Housing, and Aboriginal Affairs.

Kathleen Wynne probably didn't think she was going to be premier when she started on her journey of public life; she just wanted to make a difference. She cares so deeply about Ontario and Ontarians and is doing her best at balancing those complex priorities. Her goal for Ontario is to just keep it beautiful. Ladies and gentlemen, please welcome the twenty-fifth and first woman Premier of the Province of Ontario, the Honourable Kathleen Wynne.

Kathleen Wynne

Thank you. Thank you very much. Thank you so much. Thank you for being here. It's really an honour. And I just have to say, looking at that video that was playing before we began, Noble and I suggested that neither he nor I would have been in that room all those years ago. The room looks very different, but we're grateful to those forefathers (because they were all fathers) for putting this organization together and it's an honour to be here. It's an august room. And Noble, thank you very much for that lovely introduction.

It's wonderful to be here with you all on the traditional territory of the Mississaugas of the New Credit, and I just want to acknowledge Minister Zimmer, the Minister of Aboriginal Affairs, in the room. Today we have sent out a map, a map of all of the treaties in the First Nations in Ontario, to every school in the province along with a commitment, as we change the curriculum in Ontario, to change our collective understanding of our history and our relationship to First Nations and Aboriginal people, and understand ourselves better as treaty people. I just wanted to let everyone know that that's happening today.

It is budget week in Ontario, and today I'm really very excited to have a chance to talk to you about our province's economic future, and what it means for the people of Ontario. We're a province with a great history of accomplishment, and yet what inspires me are the possibilities that remain and the potential that is still untapped. There's more that we can achieve together, and so many of you in this room are engaged in tapping into that potential. ut you all know that that's only possible if we make smart choices.

I've been premier now for a little more than a year, and I have to tell you that each and every day my optimism is fuelled by the people of the province. I believe that there's only one good reason to be in politics and that is to help people. You do that by making government a force for good in people's lives—not an intrusive, overbearing force, but a positive force putting in place conditions that help people and businesses to thrive, and, as Noble has said, to keep it beautiful.

So in that endeavour, numbers are very important. But we need to remind ourselves that the economy isn't just one thing. It's not just one calculation. You can't look at GDP alone. Business success is important, but it's not the only outcome. It goes beyond any of those individual numbers. It goes to the heart of who we are. The wellbeing of our economy is about the wellbeing of our people, and what motivates me always is the sense that Ontario is finding its footing. We're on our way back.

We're in a tough and turbulent world, and we are rebuilding our economic strength. In the past year, we've created nearly 100,000 new jobs. Employment numbers are more than 190,000 above the pre-recession peak. Companies are hiring again and advanced manufacturing is at the forefront. And that's manufacturing that is different from traditional manufacturing, but it is manufacturing and it is at the forefront of that recovery. Stronger economic growth is forecast, and consumer and business confidence are on the rise. And these are all facts that give us cause for optimism, but also cause for vigilance. I've spoken recently about safe hands, and by that I mean that we need to continue along this positive path that we're on. We need to move forward with a balanced approach rather than risk veering off, or careening off to the left or to the right. We need a steady approach.

Today, our economy remains in transition, and I talk about that a lot, no matter where I am in the province. We are in a transition particularly in the manufacturing sector. But as new industries emerge, we don't leave the old ones behind. They don't disappear. Agriculture, for example, once employed a good share of our adult male work force, and occupied a majority of our families. It doesn't anymore, but it still thrives, and agriculture is driven by ingenuity and the efforts of the men and women who work the land and who process our food.

Last week I visited a farm in the Chatham-Kent area, where corn, soy and wheat are grown. But a solar panel has been installed on their property through a partnership with AGRIS Solar Co-op. That's the kind of evolution that's happening in that industry.

In manufacturing our future success lies in more experts and a highly trained work force, and in many cases, trained in new skills. It lies in strong partnerships with government and new modern infrastructure that continues to allow, and will in the future allow, companies to move goods more efficiently.

So all of that is to say we're entering into a critical and decisive period. People across Ontario remain concerned about what tomorrow will bring. They know the challenges before us are real and complex, and I just want to stop there for a second, because the reality is that I think often we underestimate the ability of the public to grasp that challenges are complex. They know that confronting them requires solutions beyond sloganeering or piecemeal populism. I really believe that. But the fact is that that is what is being offered by Conservatives and the NDP—the piecemeal populism and sloganeering—and what's needed is a clear vision, a sense of purpose, and a comprehensive plan that acknowledges the complexity of what we're facing.

Over the past year, I've met with folks from all sectors of the economy, from multinational enterprises to very small businesses, from the financial sector right through to the mining sector. I've heard the stories of families and the hopes of students, and I'm so glad that there are students in the room because this is about you and it's about your children. Our budget on Thursday will reflect the interactions that I've had with people in every corner of Ontario.

We will take nothing for granted. We will work to ensure that all parts of our province share in the economic recovery. We'll do our part to keep Ontario on track towards success that can be sustained. So to that end, we have a clear set of priorities and we offer a clear way forward. These priorities are embodied in our sixpoint plan for jobs.

First, we have to focus on talent and skills. Everyone in this room knows that our province is never going to beat the world at low-wage, low-cost production, and we don't want to. We wouldn't want to. So it's incumbent upon us to develop our best and most important resource—our people. That's why we're committed to full-day kindergarten; that's why we launched the largest apprenticeship system in Canadian history; it's why we increased access to post-secondary tuition, secondary school, with our 30- per-cent-off Ontario Tuition Grant, that last year assisted almost a quarter of a million students.

It's also what motivates our Second Career program which helps unemployed and laid-off workers retrain for new careers.

So I'm not at all shy about our ambitions here. I want Ontario to be the first in North America when it comes to talent, training, retraining and skills development. That is our greatest strength. Quite frankly, in the twenty-first century, that's how you win the race for high-wage, high knowledge jobs. That is the way to get there.

The second point in our plan is supporting key industries. We are very fortunate to have one of North America's most diverse economies, but we need to protect and build on what we have, and we need to be willing to take the initiative to attract new businesses to the province. Earlier today, our government announced a commitment of up to $1 billion to help develop northern Ontario's Ring of Fire. The investment requires we need a matching contribution from Ottawa, which would make available up to $2 billion to support infrastructure and enable our northern communities to take advantage of resource opportunities. But that's an important step towards greater prosperity for Ontarians in the north, for the province as a whole, and for our First Nations partners. In fact, on Thursday I was in Thunder Bay signing an historic agreement between the province and the nine Matawa First Nations in the Ring of Fire region. Those partnerships are essential if we want to see the kinds of benefits that resource development has brought to other parts of the country. These partnerships put in place what I was talking about—those conditions for success.

So it's not about cutting a cheque. It's about smart partnerships that make sense for all sides and help create good jobs for the people of Ontario. I think of our $3-million investment in Thomas Canning in Maidstone for a new, state-of-the art fruit and vegetable processing facility, that will help support the farmers affected by the Heinz closure and at the same time create 40 new full-time jobs. And last week you would have heard about our agreement with Canada's largest software company and homegrown success, OpenText. In the past five years, this company has almost tripled in size, but less than 1 per cent of that growth happened in Ontario. So our partnership with OpenText is about bringing those new jobs back home, creating 1,200 new jobs across Ontario. And I can tell you, OpenText could have invested $2 billion pretty much anywhere in the world, but I'm proud to say that they're investing it in Ontario's economy, and in our prosperous future, right here. And in a fiercely competitive world we cannot be idle.

We can't be idle. We have to be willing to compete. We need to be aggressive and creative and strike partnerships that are in the short- and long-term interests of the people of Ontario. We can't simply expect to keep Ontario competitive, but then pretend that we're not in a competition. And that's why I'm pleased to announce today that our government will create a $2.5-billion jobs and prosperity fund, a 10-year commitment to improving Ontario's ability to attract business investment, partnerships, create good new jobs and strengthen our economic future. That is a major part of our vision of the future.

The fund will support the recommendation of the Jobs and Prosperity Council to bolster innovation, to increase our reach into the global market, and secure those key investments in our province and in our future. This is a real point of differentiation between my government and Tim Hudak's Conservatives, and I need to make this point, because we believe in working actively to help create the conditions for companies to succeed.

That doesn't mean endless subsidies, but it does mean targeted, strategic efforts that produce a real and lasting result—good, well-paying jobs in the industries of tomorrow. It means playing to our strengths, those investments that I just mentioned, and those partnerships. Above all, it's about understanding that a company staying instead of going can make all the difference to an Ontario community.

The third point in our jobs plan is building modern infrastructure. The 2013 budget committed to $35 billion over three years to build schools and hospitals and highways and bridges, and these investments will support more than 100,000 jobs and, at the same time, make our province more competitive and a better place—an even better place to live and to work and to raise a family.

A big part of quality of life comes down to transportation, and that's why I am so committed to improving transit. Our "Moving Ontario Forward" plan will invest an additional $29 billion in transit and transportation infrastructure, on top of the $35 billion, over the next decade. This will mean introducing train service every 15 minutes on all GO lines. My Minister of Transportation is applauding there. Way to go, Glen! What that will mean is less congestion on the roads and less time spent on the train platform. And that in turn means that parents will be getting home faster to their kids at the end of the workday, and for businesses it means more efficient delivery of goods. And all of that is critical for our economic growth.

The fourth point is a youth job strategy. We all know talented, smart, young people in our families and our neighbourhoods who are struggling to find and to get that first break. We know from our own experience the importance of getting a foot in the door. So to date, our Youth Employment Fund has helped more than 11,500 young people find job placements. It brings a real focus to those who face multiple barriers to finding employment and helps them navigate that first foray into the work force, which is so important. It's a great example of a program of partnership—an example where government working in partnership with the private sector has increased opportunities for those who need it the most. And it's been very successful. Of those who have participated and completed their placements so far, 84 per cent have either been retained, or have gone on to further employment elsewhere. That's a pretty good attainment rate. That's why our government will build on its youth job strategy by extending the Youth Employment Fund through to the end of the summer of 2015. We've increased the amount of funding that we have available for this program, because our target is 30,000 young people—helping 30,000 young people to find that placement that can lead them to a job, because the pursuit of opportunity begins with that first, single step.

The fifth point in our plan is support for small businesses. The success of small business, and you know that in this room, is critical to the success of the province as a whole. And that's why it's so important that we give our innovators and our entrepreneurs the right tools, including access to resources through our Small Business Enterprise Centres, our Regional Innovation Centres, but more than that, the framework within which to work with competitive tax rates. And we know that all of that combined with hard work and good ideas helps to create the new jobs and the growth that we are so committed to.

The sixth and final point in our jobs plan is balancing the budget, and it's something we're on track to do by 2017–18. Now, make no mistake, this is an important goal for us, and it's one that we are committed to, but it's not one that we will achieve on the backs of Ontarians. We won't give up on the services that people need, nor will we endanger new jobs and our future prosperity. Instead, we'll take a measured and a moderate approach. We'll continue to spend less per capita on government programs than any other province, and I just want to reinforce that. We are the leanest government in the country in terms of per-capita spending on programs. We'll keep working to get our debt-to-GDP ratio back to prerecession levels, and we will invest in the creation of good new jobs.

We will continue to approach the federal government— and this is an important part of our economic health. We're going to continue to approach the federal government to encourage it to enter into a real partnership with Ontario, investing in jobs and the economy in this province. Our economy needs a boost, and we have a federal government, quite frankly, that is doing more to hurt than to help at this moment. That is absolutely not helpful for the people of the province.

This year, Ontario will receive $641 million less in major transfers from the federal government at a time, quite frankly, when we can least afford it. Over the last four years, the federal government paid a total of $2.2 billion to other provinces that otherwise would have seen their transfers reduced. But this year, when Ontario was the only province facing a decline, the federal government ended the practice of transfer protection payments. That's how we ended up with a $641-million cut.

So I will continue to stand up for Ontario in demanding fair treatment from the federal government, which I believe is a basic requirement, and is one that this particular federal government seems unable or unwilling to uphold. But I will continue to make that case.

So that's our approach—our plan to help create jobs, strengthen our economy, and ensure a steady balance in Ontario. But even as we all work to further boost employment, we have to work together to look ahead to life after work, and move forward to confront the issue of pension reform. You know you have heard me talk about this. You have heard Minister Sousa talk about this. People in our province should not discover that their reward for a lifetime of hard work is a retirement defined by financial insecurity.

A new report by David Dodge, a former governor of the Bank of Canada, puts it all too clearly: "Even with the Canada Pension Plan and other programs, many of today's workers will find themselves with inadequate pension income in retirement." So collectively, we're struggling to set enough aside to preserve our standard of living once we stop working. And fewer and fewer Ontario workers have access to the kind of private pensions that were common in our parents' day, although I know we're all different ages here. You know what I'm speaking of. Those plans are not as prevalent and as a government we'd like to see improvements to CPP. That is our first choice. Other provinces want the same thing. The CEO of CIBC gave a speech last year, saying millions of younger Canadians are on track to suffer what he described as a "real and meaningful decline in living standards in retirement." And he calls for changes to allow increased contributions to CPP. But the federal Conservatives keep reneging on their obligation to help Canadians prepare for retirement. In doing so, they talk about the costs, but they ignore the costs of inaction—a future in which Canada's economy is actually burdened by seniors who have reduced spending power and who require greater public assistance.

So we cannot wait any longer for leadership from Ottawa. We have an opportunity and an obligation to act now to help the people of Ontario better prepare for retirement. That's why we will create the Ontario Retirement Pension Plan to bring greater financial security to Ontario families.

Before I conclude, I just want to step back a bit and make a more general observation. The decisions that governments make matter in our lives. They make a difference. Declaring war on labour, as the Conservatives would choose to do, will make a difference in people's lives. It will roll back the clock. It will hurt Ontario families. Combine that with Tim Hudak's refusal to cooperate with business in creating new jobs in Ontario, and the Conservatives would take us along a path towards a low wage economy. Cut health and education, as the Conservatives would choose to do, and that too will make a difference in people's lives. It will undermine the wellbeing of our people at a time when we need to be moving forward in order to compete in this global economy. If we entrust the government to the NDP, we'd be burdened with an incoherent set of tactics that are hostile to business, and reckless financial decisions.

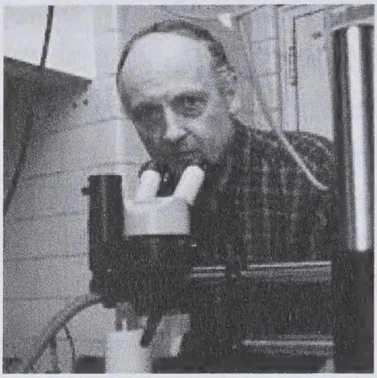
So today, across the province, the economic recovery is taking hold. We are getting traction and we're gaining steam. There's optimism out there. I feel it, I can see it and there's growing confidence in what we can do together. But that momentum could be lost. If there's an election this spring—and I do not have a crystal ball; I cannot tell you whether there will be—the campaign will come down to a choice between our balanced approach to building on Ontario's success and the risky, unproven tactics of the parties on the Right and on the Left. I can promise you this: Our plan will be very clear and very detailed. It will be there for all to see in the budget that we will be bringing forward later this week. We will pursue a policy of investment and growth, opportunity and security. We will strive to protect and support Ontario's hard-working individuals and families. We will work together in partnership with business and with labour.

Over the past year, I've had the great good fortune to travel across this province. I have met so many remarkable people. I know what some are going through. I've heard from them about the obstacles and pitfalls that they face. And at the same time, I've been struck by their resilience, their creativity, their pride, and their optimism. They are up to the challenges that confront us. Ontario is up to the challenge. Together, we can move forward with pride and with purpose. Our best days lie ahead.

Thank you so much for being here.

The appreciation of the meeting was expressed by The Hon. David Peterson, Chair, Cassels Brock & Blackwell LLP, and Former Premier of Ontario.

April 28, 2014



Dr. Geoff W. Taylor

Chief Scientist, POET Technologies

THE FUTURE OF THE SEMICONDUCTOR INDUSTRY

Chairman: **Verity Sylvester**
Past President, The Empire Club of Canada

Head Table Guests

William White, Chairman, IBK Capital Corp., and Director, The Empire Club of Canada; Ian Russell, President and CEO, Investment Industry Association of Canada; Dr. Roberta Bondar, President and Director, The Roberta Bondar Foundation; Mike White, President and CEO, IBK Capital Corp; Peter Copetti, Executive Director and Interim CEO, Poet Technologies Inc.; Alex Squires, Director, Brant Securities, and Director, The Empire Club of Canada; Jay Smith, First Vice-President, CIBC Wood Gundy; Sheldon Inwentash, Chairman and CEO, Pinetree Capital Ltd.; David Gilkes, Vice-Chair of the PCMA Board of Directors, Private Capital Markets Association of Canada; and Chaplin Dekuyper, Chaplain, King-Bay Chaplaincy.

Introduction by Verity Sylvester

Ladies and gentlemen, I would like to thank you for joining us for the Empire Club's "Spirit of a Pioneer" series.

Many of you may be asking yourself what is behind the naming of the series. The definition of a pioneer is an individual who ventures into unknown or unclaimed territory and opens new areas of thought, research, and development. Pioneers redefine convention and push the capabilities of humankind.

Today, we are proud to host such an individual—a pioneer in the semiconductor industry leading to the development of a groundbreaking method for chip manufacturers to build faster, more efficient microprocessors used in laptops, cell phones and other electronic devices.

It is now my delight and pleasure to introduce POET Technologies Executive Chairman and interim CEO, Mr. Peter Copetti. Mr. Copetti will be introducing our guest speaker today. Mr. Copetti has over 25 years of capital markets and management experience in key leadership roles. He has been the chief architect and strategist in the transformation of POET Technologies since 2012. Mr. Copetti was responsible for recapitalization of thecompany and refocusing its vision to become a leading platform innovator in the semiconductor industry.

Ladies and gentlemen, please join me in welcoming Mr. Peter Copetti.

Introduction by Peter Copetti

Ladies and gentlemen, members of the Empire Club, our sponsoring hosts IBK, thank you for the invitation to speak today.

I'd like to acknowledge the members of my POET Senior Executive Team that are here today, along with our board of directors, who are sitting at various tables and I'd like to especially acknowledge all our shareholders, those who are here and those who are not. The company itself is extremely appreciative of your support.

Most of us here have heard of Moore's Law. For those who haven't, basically Moore's Law states that the number of transistors on a chip will double every couple of years and the performance of computing devices will follow at the corresponding pace. It's similar to the semiconductor speedometer of the future, if you will.

For the last 50 years, Moore's Law has held true but not anymore. Look at your cell phones. Every time we upgrade the cell phone, what do we get? Maybe a thinner screen, a better camera for sure, but the improvements are few and far between. Our batteries never seem to last. Why? Because Moore's Law is done. It's over.

What we need is a paradigm shift—magnitudes of orders of improvement in speed, power and consumption, all with the benefits of lower manufacturing costs and compatibility with existing manufacturing tool sets. POET is the only true solution.

That paradigm shift is exactly what Dr. Geoffrey Taylor laid out to me in May of 2012 when Mr. Benadiba and I first met him at the University of Connecticut. At that time, POET Technologies did not exist. The company was called Opal Solar and it was saddled in debt, focused on solar, with Dr. Taylor's technology in the background. There were a few on the board and senior management who believed. Those few are still with the company today, but those few persuaded me to look under the hood. What I found was a Ferrari. Now I had to look at who was driving the car.

Dr. Taylor definitely had all the credentials—30 years of experience in electronic and optical device physics and over 150 papers in the world's most respected journals and scores of patents, and widely regarded as the world's leading authority on gallium arsenide solid-state physics. He was previously a distinguished member of the technical staff at AT&T Bell labs developing key technology for 3-5 materials. At Honeywell Instruments in Texas, he helped to develop critical optical technology for the Jupiter Orbital Probe, as well as innovation in very large-scale integrated devices.

But what struck me when I talked to Dr. Taylor was this—his tenacity over more than two decades to bring that solution to technical feasibility; his vision to look out and know that the world would need such a solution when others gave up; his foresight to make that solution easily adaptable by industry today. He is the reason why I joined POET. I did so to change the semiconductor world and take POET over the goal line.

Fast forward to where the company is now. We've got over $11 million in cash with no debt. What I've done is surround myself with great people. My board of directors is second to none, and my senior executive team can stand toe-to-toe with any team in the industry.

But at the epicentre of all that is POET stands a brilliant mind, a great person, relentless in his belief of POET. We talk all the time. He is constantly working. His enthusiasm and conviction are unwavering.

Ladies and gentlemen, the vision has become real. Can we say Taylor's Law for the next 50 years? Welcome to the future of the semiconductor industry as devised by POET Technologies, as devised by Dr. Taylor. He has proved that although we may not be able to predict the future we sure can invent it.

Ladies and gentlemen, chief scientist of POET Technologies, a native son of Canada, my friend and colleague, Dr. Geoff Taylor.

Geoff Taylor

Thank you very much, Peter. It's an honour and a privilege for me to be able to speak to you today. I would like to thank Bill White and the Empire Club for this opportunity. As Peter alluded to, this is an exciting time for the company, POET Technologies, and it's appropriate for me at this time to recognize the contributions of both Peter and Mark Benadiba over the last two years in redirecting the company. Basically, Peter, who has exercised the leadership role, was needed at this critical time and he rose to the occasion.

The topics I want to dwell on are the silicon device evolution from somewhere around the year 2000. We'll talk about the transition from metal to fibre, meaning the transition from electrical to optical, what is POET, and then what will the electrical/optical interface be as we enter this new era in circuit design and how will POET impact the design. Then I want to talk about a couple of examples and one is the mobile system, the major market for optical electronics, and Moore's Law, where it has come from and what's next.

What I'm showing here is a snapshot of the things that have been happening, mostly provided by Intel as you can see here in the reduction in gate length. This is the feature size. This is what drives the performance of the integrated circuit. You can see that it has been coming down from the year 2003 to 2011. That's when this was provided. Some of the gate numbers there, the feature sizes, I don't think are quite correct. Over in the left hand corner, there's a little table where you can see how the node relates to the gate length. But nevertheless, at 22 nanometers, these features are incredibly small. That gives you an idea and then here's the way that this has been characterized in the industry in terms of new innovations that have driven silicon from the year 2000 to the present. They have made numerous innovations. You can see them there in the latest version in a device called the FinFET. The device goes three-dimensional. It comes out of the surface and it allows you to pinch off and get more leak reduction than you could previously. But, nevertheless, the FinFET has a limited lifetime because the feature size is now at a place where it has no room to go.

This is all summarized in this road map. This is an industry standard thing that just shows you that this is a manifestation of Moore's Law, and you can see that in 2012 and certainly by now it's flat lined and there's really no more capability there.

Now I'll do a little bit of talking about the limitations of copper wiring. This shows you how as a frequency goes up, the length that you can propagate on copper comes down and this shows you that 20 inches at 18 gigahertz is about your limit. It's just going to get worse. The future speeds are looking at way above 18 gigahertz so this is clearly a major problem.

Then on the counter side, think about what's happening with optical, and this shows you how optical connections have been moving with time and with decreasing distances, because distances decrease over time as we go from long-distance connections, fibre connections over large distances. This comes down to a rack-to-rack connection and as that dash line moves to the right it's going to go from a board to a board and then finally from a chip to a chip, and the chip-to-chip function is what we see being addressed today. The point is clearly that if you're going to do chip-to-chip connections then you'd better have an optical component on your chip; otherwise you have a real conundrum. That's where POET comes into the picture.

So what is POET? It's a unique, monolithic approach to integration of both optical and electrical devices. It's done on a gallium arsenide substrate and has a single fabrication sequence. I don't want to dwell on the nitty-gritty here too much, but these are some of the highlights. We need to be able to compete, to do the same functions, but do them faster with lower power. POET provides the optical devices and the means to connect them to move light around inside the chip and obviously we do this with much improved speed and lower power. It has unique vertical topologies for density improvement and new functionality in the form of a thyristor and last but not least, it is fully compatible with existing semiconductor technology so that it can make this transition in a competitive way.

Now we get into the specifics and I hope not too much detail here. I don't want to put anyone to sleep but we have three different ways of doing these interfaces—trying to get from the fibre end of the chip and vice versa.

One of them is commercial today, at least to some extent, and this is the company Luxtera. The concept is that you create a silicon chip which integrates the modulators and detectors and you combine it with a discrete laser, external laser, and then you try your darndest to make the transmit drive and the receive amplifier on that same chip, but in the event that that doesn't work for you, then you have to combine these things with a hybrid packaging approach. The only way to go to a shorter reach and higher speed is you need higher power, or to get the higher speed you need shorter reach and higher power. That means you need to bring these things together as close as you can but there is only so much you can do.

The other approach, number two, is a company called Onechip and there it's a very similar situation. You use your existing CMOS electronics and you combine this with a 3-5 chip, as opposed to the silicon photonic chip.

Then, of course, there's the POET approach and in this case, we create a single chip where we integrate these components together, and then with a fibre, attach electrical bonding. Everything is within the chip and the limitations are eliminated in terms of connections.

So let's look a little bit further at Luxtera. You can see on the left-hand side this is what they call their single chip solution but actually, it's six inches on the side—so it's really a single board solution, not a chip solution. What they have now resorted to is what you see on the right which is hybrid integration of the photonics and electronics. You can see at the bottom with the green arrow actually what is happening here. They are using copper pillars to connect these two chips together, so your interconnect distance now is the dimensions of that pillar. That's about as far as you can go.

Here you can see a little more detail. The bottom will show you a little box with the yellow pedestal on the side. That's a commercial laser that's in a little package that's of the order of an inch and a half by an inch and a half, and that sits on top of this board and you can see the laser input arrow. Then you see on the bottom to the right there's the laser inside the package. It's that little chip on one side of the blue sphere, which is your lens, and the lens gathers the light that's collimated and then it reflects off a 45-degree surface and it's directed down into the chip where it has to couple in where it says "laser input" on the pink board. That is a very difficult and expensive process.

The Onechip solution is very similar. You have a Onechip photonic integrated circuit, so that combines your optical devices. You may have a laser detector and grating and then you have all the electronic devices that are required to use that chip. You have a transceiver, microcontroller, laser driver, etc., and a trans-impedance amplifier. They all get put into that package which you see in the lower right and clearly that's an expensive proposition.

Here's the POET solution and you can see we have fibres coming into the chip from the bottom side and you have four lasers, four detectors, four transmission channels, and four receiver channels. The laser channel is a rectangular laser. It's coupled to a straight wave guide and the straight wave guide is driven by the CH interface circuits but what it does is it modules the reflectivity of that laser and sends the data onto the fibre.

For the corresponding receive circuit, you see there's an SOA. That's a semiconductor optical amplifier. You take all the gain in the optical space and then you go into the receiver which I'll talk about in a minute. But you notice how compact and close together everything is and a huge reduction in area there.

Now I have two examples. The first one is addressing the problem of distributing in the clock in an integrated circuit and this is a problem that everyone in the industry is now facing. The clock rates are saturated and the only way to make improvements now is to distribute this clock optically, and you can see the yellow pattern. It basically is an optical conduit. So it's a wave guide and that light is distributed to all the extremities of those H's. So you have 16 of those in total there. This is experimentation that's actually going on now in the industry. Laser input is coming in from the left from an external source and it makes its way to all those extremities and then it has to go on. It has to be converted to electrical form and becomes an electrical clock.

So here's the circuit that is required to make that conversion. You can see it in the D-portion. You've got what we call a TIA amplifier and you've got six or seven limiting amplifiers and an output amplifier. That whole thing is in the top. I was just going to show that if you go in the top right there, you see the CMOS amplifier designation. That's an area in the circuit that's about 700 by 200 microns and contains something over 100 transistors in there and that's to make one conversion. That's not a prescription that you can expand upon. It's very limiting.

Here's how you would do it in POET technology. So you have the light coming in. First of all, the light, of course, is generated on the chip but then it should be in the wave guide. You see it coming in on the top left, the optical input. It couples into a wave guide that goes in a circle around that. That device is called a "whispering gallery mode" and as it circulates it absorbs and the circuit you see over to the right there shows it's a thyristor with three transistors to control it and just below that you'll see the wave form. So power in gives you voltage out and what's happening is that the thyristor in the lower right is making the transition from A to B and back to A, because of the ability of the two transistors to turn that device off when the light goes off. So the whole function is performed in that yellow cross-section you see down below which is about 20 microns in diameter so you can do the calculation—20 micron diameter versus 700 by 200, a huge savings in area and power and improvement in speed.

Another example which is something we can all identify with is in the mobile system market, mobile electronic systems. Here's a typical breakdown of what's in a mobile device today. You're transmitting by RF, that's your Wi-Fi solution. So that's the radio frequency block, the yellow one. Today that's in gallium arsenide components and then you convert and do a down conversion to retrieve the data and eliminate the carrier in the blue section. That is called the "base band" and then it goes into the red block, which is the computer in your phone. That's connected to various other auxiliary circuits of memory, which you see down on the bottom of the slide there.

If we want to look at it in a little more detail, you can see it here. Don't try to read all these blocks. I just want to show you that this is the level of complexity inside your cell phone and that processor there has numerous CPUs on it that are all chips. So all those chips have to be mounted, connected, interfaced, etc., and then interfaced also with the RF portion over on the right-hand side. So with a POET chip, all these functions can be combined into one, single cell phone chip and we just diagrammatically show it like that. That's POET enabled architecture.

Those are the examples that I wanted to show and then I want to make a summary of the highlights of the POET-integrated circuit. People will become familiar with these as we address these various applications, but we have a number of new features and a lot of it is based on thyristor clocking. It's interesting. The thyristor was originally pursued by Shockley back in the early '50s when he went to California to start a company. He thought the thyristor, what he called the "4 layered diode," was going to become the main stream in the industry and it turned out he was wrong and it was really the MOS fit and he BJT that were going to become dominant, and that was all because he didn't know how to remove charge quickly from the thyristor. Consequently, it was a slow device and what POET has done is come back to that problem and learn how to remove the charge quickly and so Shockley's original ideas have actually come to life now in the POET technology.

We have all these different capabilities of multi-wave lengths, interconnect, 3-D vertical interconnect using vertical cavities, new architectures based on AD and DA conversion that are enabled by the unique optical capability. I won't go into all of those, but the main one at the bottom is when we're at the 10-nanometer feature side, which is where the industry is today or very close to it. The quantum side effects will now enable single electron transistors. This means these devices are so small that tunnelling can be used inside the devices to isolate single charges and this has got profound implications for the utilization of spin for future cubits, which are the basis for quantum computing.

What I've tried to do here is put some perspective on the timeline and the Moore's Law paradigm that has been in place now for many years. Basically, from 1965 to the present, we have had almost 50 years of feature scaling or size reduction set by Moore's Law. In 2015 and going forward, how far we can see is conjecture, but POET is a new paradigm and the paradigm is that there's no longer feature scaling. You can't scale to features smaller than you can when the quantum effects take over. But when quantum effects take over we need to use the quantum effects and reap the benefits that we can from quantum computing. In addition, of course, the optics in the chip and the new devices, such as thyristors and other yet to be determined components, are going to be activated or are going to be made possible by having optical and electrical interactions occurring simultaneously in the chip.

Finally, I want to conclude with a more graphic description of the Moore's Law trend and how this is played out ever since 1933. As a matter of fact I've identified these timelines as when discoveries were made and when technologies matured. So the FET was first patented in the early '30s and by the mid-'50s to 1960 it came into commercialization in the form of these three devices. You had the JFET, MOSFET and MESFET, in silicon and gallium arsenide except for the MOSFET. MOSFET was in silicon only and you can see the enormous run that the MOSFET has had from 1960 to the present. No other device could sustain that kind of progress. There was silicon MESFET briefly in the '80s. It died; didn't go anywhere. Gallium arsenide MESFET from the early '70s was a significant RF player but then the HEMT2 junction came along and all of those applications were carried over to the HEMT. Today the HEMT is the premier RF device; however, of course, the HEMT doesn't have any optical capability so its lifetime is pretty much up too. It's right around now. So there's no path forward for the HEMT.

On the bipolar side, in 1948, we had the discovery of silicon and gallium arsenide bipolar, improving in performance up until the introduction of the HEMT2 junction and then the HBT became the dominant player and that's carried us through to about the present, and again, the HBT has reached the end of its life of continuous improvement. There's no more room for it to go.

Right around 1982, we had the BiCFET and that was our work and it triggered both the bipolar and the DOES thyristor and then shortly after that we learned that it was also a laser so we have the BiCFET laser that is a thyristor laser and over on the FET side the MOSFET concept was realized in gallium arsenide in the form of the NHFET and then around 2004 in the form of the PHFET. Those two together become the CHFET and you can see that all the lines leading past 2015 are all POET devices and that is what we call the new POET paradigm.

So with that I'll conclude and hope that it hasn't confused you too much. I've given you a picture of where we think the industry is going to go.

The appreciation of the meeting was expressed by Mike White, President and CEO, IBK Capital Corp.

May 6, 2014

Scott Mullin
Vice-President, Government Relations, TD Bank Group

Rev. Dr. Brent Hawkes
Senior Pastor, Metropolitan Community Church of Toronto

Gavin Crawford
Actor and Comedian

Kevin Beaulieu
Executive Director, Pride Toronto

Councillor Kristyn Wong-Tam
City Councillor, Toronto Centre-Rosedale

SCOTT MULLIN, REV. BRENT HAWKES, GAVIN CRAWFORD AND KEVIN BEAULIEU IN DISCUSSION WITH KRISTYN WONG-TAM WHAT WILL WORLD PRIDE MEAN TO TORONTO

Chairman: **Andrea Wood**
President-Elect, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Rev. Dr. John Mastandrea, Minister, Metropolitan United Church of Toronto; Stephanie Karapita, CEO, Casey House; Scott Kettles, Executive Director, Canadian Lesbian and Gay Archives; and Tom McKaig, Adjunct Professor, University of Guelph, Author for McGraw-Hill Publishers, and Director, The Empire Club of Canada.

Introduction by Andrea Wood

Ladies and gentlemen, Toronto is about to host an extraordinary celebration of LGBTQ culture, World Pride 2014. From June 20 to June 29, the city will be transformed. Celebrants will flock to Toronto from all over the world to participate in a series of events including parades, a human rights conference, street fests, concerts, art exhibits, films, and award presentations. Toronto is the first North American city selected to be a worldwide host. This makes me very proud. It speaks of our city's reputation for tolerance, compassion, and diversity. It also speaks of the vision, determination, and initiative of several people who worked hard to bring World Pride to Toronto, some of whom are with us today to discuss what World Pride 2014 will mean for our city. Our panel includes moderator, Councillor Kristin Wong-Tam, city councilor for Toronto Centre-Rosedale. Kristin is my city councillor and will be hearing from me later today about a little tree problem on my property. Joining Kristin are Scott Mullen, Reverend Brent Hawkes, Gavin Crawford, and Kevin Beaulieu. I'll say a little bit about each of them.

Scott Mullen is Vice-President, Community Relations of TD Bank Group. In that capacity he is responsible for TD's community giving and sponsorships and for its corporate social responsibility agenda and programs in the U.S. and Canada. He is also actively involved in TD's diversity agenda and has been honoured with a particularly Empire-Club-compatible award for his efforts in support of diversity in Canada, the Queen Elizabeth II Diamond Jubilee Award. I love that, Scott. Congratulations.

Reverend Brent Hawkes is the senior pastor at the Metropolitan Community Church of Toronto, where, since 1977, he has been proving that you can be both gay and Christian. He has received numerous awards for his work in advancing human rights, including an Order of Canada. One particularly remarkable fact on his biography is that he officiated at the first legal marriage of a gay or lesbian couple in the history of the world. He then mounted and won a legal fight to force the province to recognize the marriage. What an accomplishment. Congratulations, sir.

Gavin Crawford is a very funny man. He is an award-winning actor and among Canada's most sought-after comedic and dramatic performers. Gavin appeared in eight seasons of "This Hour Has 22 Minutes" and has received acclaim for both his performances and his writing on that series. He has articipated in numerous showcases and festivals, and has worked with Toronto's Second City and the sketch troupe "Pale By Comparison." He has recently produced several one-man shows. Most recently, he co-created, co-wrote, and starred in Gavin Crawford's "Wild West," a series pilot broadcast on CBC. Congratulations.

Last, but certainly not least, Kevin Beaulieu is Executive Director of Pride Toronto and World Pride 2014. Under Kevin's leadership, Pride Toronto has made a huge difference in our city. Each year, it draws over one million attendees. In 2013, it had an economic impact of $287 million, not to mention the inspiration and hope that it provides to its many participants. Each of our panelists has a unique perspective on today's topic: "What will World Pride mean to Toronto?" Please join me in welcoming them to the Empire Club of Canada.

Kristyn Wong-Tam

Thank you very much, Andrea. I hope everyone is having a very good time and that you've enjoyed your lunch. I'm actually thrilled to be here with you this afternoon. We have a very exciting discussion ahead, and of course you're all here to listen, and also to, I think, reflect on what World Pride means to the City of Toronto. And of course, it's a real honour for the City of Toronto to be the host city, the first time that this national, international, global phenomenal event called World Pride is actually going to take place in a North American context. And the best person to start us off in this discussion, I think, is Kevin Beaulieu, who was one of the driving forces, of course, of World Pride. I know, Kevin, your work plate is super full, but I'm just going to ask you to do a little bit of work and get us off on this discussion. In your opinion, what is the importance of World Pride and the history of Pride Toronto and how did we actually get to host this fantastic international event?

Kevin Beaulieu

Well, thank you. Many people have different opinions on when it began. It really began in the early 1970s and was essentially a picnic on the Toronto Islands with a few dozen people. And then it grew and in 1981 it was incorporated. It grew again, and more people joined, and as the fight progressed, it became a very important, galvanizing event annually in our community, through good times and through more difficult times; the times when we came together to face the HIV-AIDS crisis and when we came together to celebrate the recognition of same-sex marriages.

It happens every June in the streets of Toronto. The community has diversified and the event has diversified to incorporate and to acknowledge the contributions of the many people over generations who have built such an important event, not only in our communities, but increasingly over time for the City of Toronto itself. As you heard, in the last couple of years the event has drawn 1.2 million people into the city over the course of Pride Weekend. It's run by a small staff of six to nine people—we have a few more this year for World Pride—and a volunteer board of 12 directors and 2,000 volunteers who we're going to be recruiting for the event this year. It's really a very large undertaking, and these people commit themselves and work at it because they know the impact that Pride has had in our communities and in their lives, and they want to contribute back.

I don't know if I'm supposed to ask questions of the crowd, but who's been to Pride before in this room? Yes. That's usually the case when I ask that question. It really is a core part of the summer in the City of Toronto. Sometimes we're there to celebrate defiantly, when we have been told we shouldn't. But it's a real gathering and a special moment for most of the people in this room, I guess.

World Pride is built on what is recognized as one of the world's most successful and largest Pride festivals. There have been three to date—one in Rome, one in Jerusalem, and one in London, and we know the next one will happen in Madrid in 2017. So it's still a fairly young institution as these things go. Many communities have a Pride celebration. What World Pride does is create a link. Although we have local celebrations, they're all part of one global movement seeking LGBT human rights and celebrating our communities and our identities. So that's the idea behind World Pride in Toronto. It means a larger celebration. It means that we've expanded beyond just the downtown street closures that many people know so well, and built the event on the strength of Toronto itself. Other institutions have stepped up in partnership; institutions like TIFF and Inside Out, the AGO, and the Ryerson Image Centre. The list is very, very long. All of these institutions are helping us to celebrate Toronto while we celebrate World Pride. So it really is about LGBTTIQQ2SA communities in Toronto, but also Toronto itself. So that's a bit of background on Pride Toronto, a little bit of background on World Pride, and I'm interested to hear, of course, what other perspectives there are on the event.

Kristyn Wong-Tam

Wow. It's so much more than drinking. I did not know that.

Kevin Beaulieu

Actually, you know, there is more than drinking.

Kristyn Wong-Tam

Let's talk about drinking.

Kevin Beaulieu

There's so much to say, but a key aspect of the event is the recognition of the struggle for human rights. I should mention that very importantly amidst the big entertainers— and we've had more than we've ever had, and they are of a very high calibre—there is a human rights conference, the World Pride Human Rights Conference, which is central to this event as well, where thinkers and activists from countries all around the world, 150 of them, will gather for a dialogue about the advancement of human rights in our communities around the world.

Kristyn Wong-Tam

That's very exciting. I think there have been a lot of questions in the community and also abroad about the difference between World Pride and a regular Pride. I think we're getting a good idea of what the difference is. Most recently in the City of Toronto we announced that we'd like to host a big grand Pride wedding. We thought we could recruit up to 200 LGBTQ couples to get married. We wanted the city to open up Casa Loma as an elegant facility to allow marriage for couples who may be coming and travelling from places where they are not permitted to marry. I'm actually thrilled to be sitting here with Reverend Hawkes, because not only is he the first person to ever officiate an LGBT wedding, I know that he did so wearing a bullet-proof vest. Is that correct?

Brent Hawkes

Yes.

Kristyn Wong-Tam

Today he's not wearing a bullet-proof vest because times have changed considerably. But when we look at the movement of LGBTQ equality and two-spirit equality, when we think about the symbolism of what it means when the rainbow banner flies, and when we think about the substance behind the party, which of course is very important—a lot of drinking, a lot of dancing, a lot of partying— how do we reconcile all of that in a global context where there are many countries where, if you are lesbian or gay, you're still largely persecuted, prosecuted, or put into grave physical, psychological danger? What can we do about that here in Toronto, Canada?

Brent Hawkes

I think that the Human Rights Conference is a crucial part of World Pride this year for a variety of reasons, one of which is there will be activists coming here from around the world. I don't want to preach, but the Bible says, "To whom much is given, much is required." We've been very, very fortunate in Toronto and in this country, and we have an obligation to people around the world. There are 68 countries in the world where everybody in this room would be arrested for being at this kind of an event. In 10 of those countries, those of us who are gay or lesbian would be executed. We have a responsibility to those folks. Some of them are coming from very dangerous parts around the world for this conference, and this is a great opportunity for us to learn from them and also to share our perspective— the things we've tried, that have worked, not worked, etc. And I think as Toronto—the most international city in the world according to the United Nations—plays a role, an appropriate role, a helpful role internationally, this is a great chance for us to learn and to build relationships. So I'm very excited about the Human Rights Conference and I'm really pleased now that Pride Toronto has moved beyond their usual party, although I think that is important, absolutely important, because we need to celebrate our successes. Some of us have some bruises from past struggles and some of us have been around long enough. We've seen some changes over the years and to be able to celebrate those changes is a great thing. But we also have to remember that the job is not done, particularly here in Canada, until we get transgender rights passed by the Senate. We still have big pieces of our work yet to do. But World Pride will be another chance to motivate us, to get us moving forward on some of these issues.

Kristyn Wong-Tam

If there was one message that you would leave the audience in terms of an individual capacity, something that they can do individually, what would that be?

Brent Hawkes

Well, for some I would say give money. I think one of the reasons why we've made the advances that we've made in Canada has been due to places like TD, honestly. And not only just in Canada, but TD in the U.S., where it's not quite as easy. To do what you do there is amazing and inspiring. I think that the issue for World Pride is to not be an observer. Don't just sit and watch World Pride happen. Get involved in one of the organizations doing some good work. If you're able to write a cheque to Pride Toronto to help with some of the extra expenses, do so. But don't just observe. Don't miss this opportunity to engage and to be part of it.

Gavin Crawford

And if you meet people who are from a foreign country that may be more oppressed than Canada, make out with them. World Pride, do your bit.

Kristyn Wong-Tam

Promote your city.

Gavin Crawford

This is our opportunity.

Kristyn Wong-Tam

Because we are at the Empire Club, I will stress to write that cheque. I'm often at Scott's door saying, "Hey, I've got a great project. It involves art and community." Scott Mullen has a reputation in the corporate sector. For many of us in the LGBT community, I think it's actually quite extraordinary to see one person's head, face and name constantly float to the top. I can only imagine the pressures that this man faces, because he's so well known for reaching out and supporting our community on behalf of the TD Bank. Oftentimes Pride itself is criticized for being overly corporatized. Perhaps there's just a bit too much of the TD green logo everywhere. But at the same time, we want corporate participation. So here's a fellow who actually balances the two. How do you do it?

Scott Mullen

Well, I think it's interesting to go back a bit for us. I find it incredible that we're having this discussion at the Empire Club, which shows that quite a bit of progress has happened. We started sponsoring Pride in Toronto 10 years ago, which doesn't sound like that long ago. But 10 years ago, our motivation in sponsoring Pride was, believe it or not, to send a message internally within the bank. We were at the stage of trying to develop a broad-based diversity agenda at TD covering lots of groups, and the LGBT community was part of that. We were having a very difficult time trying to create an employee network or to get employees engaged. So we decided that the way of sending a signal internally was to do something fairly bold externally. That's always been a very important part for us. How do we demonstrate to the community our strong support, but also how do we support our employee base? There are 70,000 employees across North America; it is a very large company. So I think from a corporate perspective, there are multiple motivations. It's not just about having your logo at an event externally. It really is genuinely about demonstrating support for the community.

Kristyn Wong-Tam

Does that mean those logos are coming down?

Scott Mullen

No, they'll be discreet.

Brent Hawkes

I think some of us would advocate for more logos— not fewer. We would like to see more corporations step up and follow that lead. Corporations are able to do more to influence government policy than some of our activist organizations that are very poorly funded are able to do. I think it's a great thing for more corporations to be involved, and I want to see green and other colours there prominently. I also want to encourage those corporations as they donate money to also keep talking about the next step in terms of influence. I don't know how many countries around the world TD is in now, but what you're doing in the U.S. is powerful. We could get other agencies in other parts of the world to advance our agenda.

Kevin Beaulieu

I was in Philadelphia to invite the Equality Forum to World Pride late last week, and TD was recognized there by the Equality Forum in a state, which is struggling with the same-sex marriage recognition issue right now. The person, who handed over the award, was from Toronto and he just beamed with pride to know that TD, a corporation associated with his hometown, was being recognized for its work abroad as well.

Kristyn Wong-Tam

So there you have it. The official position from the gays of Toronto is that there's a big bowl of logo soup. Jump right in. I know there are some corporate bigwigs here. From talking about the corporate contributions to Pride, let's talk now about starving artists and the arts and cultural sector that is so embedded into the urban and cultural fabric of Pride. We can't really talk about Pride without looking at the cultural contributions of LGBT artists and performers. So I think this is probably a perfect place for Gavin. You've watched this event as an out-gay man, and what do you think?

Gavin Crawford

I'm usually doing Pride shows or things, the kind that is usually kept sort of in and around the village. It seems this year there are a lot of places that are really expanding. They're having Pride events. They're hiring local artists to do things during

World Pride. I'm plugging myself. Sharon Matthews and I are doing a show, but we're doing it at Buddies. But we're also doing it at Second City, because I'm a Second City guy. They contacted me and said they wanted to do a Pride program. I think this is important for the city, and it's a chance for our artists to show what we can do for people from all around the world. The international spotlight is going on in Toronto for a more positive reason than the he-who shall- not-be-named show is very good. Let's re-focus our international reputation a little bit.

Kristyn Wong-Tam

Keep going, keep going.

Gavin Crawford

Canada is a strange country for me artistically, because a lot of times we think we're done. We think being gay is okay in Canada, so Canada's good. We're good. But if you look at our television and stuff, there's not a huge gay representation on our screens, the Canadian screens. There are not leading gay characters in shows, Canadian shows. Where are they? America is actually ahead of us in terms of that level of representation so we have a little bit of work to do. It's wrong of us to think it's done. It calls attention to how far we've come, but also how far we can kind of still go.

Kristyn Wong-Tam

When I speak with Canadian artists, oftentimes we talk about CanCon. Do we have enough Canadian content here? Do we have enough Canadian artists performing at our Canadian culturally produced events? And with Pride, to put another lens over that, do we have enough LBGTQ artists? Maybe some of them are emerging artists. Are they represented at our festival because this is all publically funded? So if there's an opportunity, do we not hire people from Canada to promote Canadian artists?

Gavin Crawford

I mean, we do. It's a very tough call, because we as a Canadian populace have learned not to get overjoyed by our Canadian artists. We're just happier if Cyndi Lauper comes. It's just the way of the world. It's a behemoth if you know what I mean? Jann Arden's coming—that's good. Cyndi Lauper's coming; I'm getting tickets. We just do that. We're a small population. I work at Buddies a lot, and I like what Brent is doing, but if you look at the Pride program, even just the World Pride program that Buddies has done, they have some international artists coming in, but do they really focus on promoting Canadian artists? I don't know. I haven't looked at the entertainment schedule. I know there are some big announcements coming up. I hope one or two of those are Canadian, but maybe they're not.

Kristyn Wong-Tam

Can we get a sneak preview from Kevin Beaulieu?

Kevin Beaulieu

I see that there are people joining us from OLG who have helped us bring some Canadian talent to the festival. Our main headliner for the closing ceremony is in fact Tegan and Sara. For the opening, for the World Pride gala, k.d. lang will be the performer in this room, but it's not necessarily well known. In addition to these people Melissa Etheridge is a visiting international artist for the opening ceremony. A Ugandan playwright is coming to do a stage reading of a play. We have actually put about 250 to 300 artists on our stages over the course of the weekend, and about 95 per cent of them are local LGBT talent. They don't always get the headlines, but we're very proud to host them on our stages, to pay them for their work, and to give them an opportunity to develop an audience. I think it's one of the most important things Pride does.

Scott Mullen

I think another cool angle this year is the engagement of organizations and institutions like the AGO and the Ryerson Image Centre. Power Plant, I know, is planning to do something. We typically have seen Pride as kind of in and around the village, as you said earlier. There is actually a fairly engaged institutional audience in the city wanting to participate in this event so people are really thinking that this is great for the city and should be a broader exercise and a broader event than just the sort of Church and Wellesley village thing.

Brent Hawkes

And if you think of past Prides, not only the physical location where things have happened, but the organiza that have been engaged with us, this has been a dramatic expansion of both of those, both in terms of space—things will happen all over the city—and in terms of organization. What does World Pride mean for Toronto? It means that we're building this movement in dramatic ways and we are taking a big step forward in terms of increasing space and engaging lots of other organizations. So we're going to benefit a lot from hosting World Pride.

Kristyn Wong-Tam

I know that the City of Toronto hands out some small community grants. They are largely in response to applicants that come in and say, "Hey, we'd like to organize something local in our community." They're very neighbourhood- specific. Our most recent grant allocation went to four communities outside the downtown core that were specifically Pride-themed for World Pride. Mount Pleasant Business Improvement Area was thinking about hosting a Pride-themed type of event, as well as Liberty Village. It's really definitely expanding outside the core. Some neighbourhoods may not see the same type of critical mass and support. You can walk down Church and Wellesley and everybody just leaves you be. You're actually not special because there's way too many of you. But if you go to Scarborough and you're kicking up your heels, perhaps you do stand out a little bit. How do our community members, who are living in areas that perhaps have not traditionally been as supportive and supporting, respond to that? That's for anybody.

Kevin Beaulieu

This year's Pride parade is seven days long. It starts in Etobicoke and it ends at the Scarborough subway stop. It's going to be amazing, but drink a lot of water.

Kristyn Wong-Tam

Getting the road closure permit will be no problem.

Brent Hawkes

I think some of us, because we've been around for a long time, think of it as a major event or a major action. But just think of how much courage it's taken some people to put a rainbow flag in the front yard during Pride. You see that more and more and more further afield. And they're coming out to their neighbours in some cases, not knowing the reaction of some folks. It can be little things like that that's huge in terms of creating safe space and expanding the places where gays and lesbians feel safe. I think that we're going to see rainbow flags in parts of the city where they've never been seen before. People are going to come out and talk to their neighbours. I think those little things are amazing.

Kevin Beaulieu

The Toronto Public Library is programming for World Pride, and that's another way of getting into those neighbourhoods. People of faith across the city have networks so even though they may be geographically distant they're close in other ways. I know that there's planning underway for what is apparently the first LGBT interfaith celebration and service during World Pride. So that's another way of connecting communities, not geographically, but reaching out in other ways through other networks.

Brent Hawkes

This may be veering off in another direction.

Kristyn Wong-Tam

Go ahead. Take us.

Brent Hawkes

We've got some organizations in this city doing amazing work and have an opportunity to network with places around the world. The Centre for Sexual Diversity at the University of Toronto trains people to go to all parts of the world to talk about sexual diversity, and engage in those kinds of conversations. We webcast our services to 120 countries now. We have been able to talk to some countries about translating our service into Russian. I'm going to a conference in Estonia in a few days and the people there want to talk about that. So the chances for us to engage people from around the world are amazing.

Kristyn Wong-Tam

Let's talk about legacy for a minute. I think that, whenever I hear about cities hosting big international events, we love to talk about legacy. So by the time the party is finished, the 10 days of celebration, you've got a hangover, then what? What would Toronto's legacy be after a million-dollar production? We haven't built an aquatic centre, and I don't see a velodrome anywhere. What's Toronto's legacy for World Pride? Why are we doing this?

Kevin Beaulieu

I can begin if you like. Part of the legacy has already been constructed. In the two years leading up to the event, with very strong support from Tourism Toronto and the province, that have an interest in extending the invitation around the world, the invitation has been extended, and that is a reputational legacy. People get to know that Toronto is a place to go and to be that is associated with something like World Pride, the human rights component and the celebration. We've put the word out into the world, and that's a lasting legacy, building on the work of many generations to achieve it. But that sends out a signal. It offers comfort and support and strength to people in solidarity and describes Toronto as a welcoming place. I mean, it's not a velodrome. It's not a new highway. But it is a very important legacy.

Kristyn Wong-Tam

It's not even a new subway.

Kevin Beaulieu

When we went out in early consultations with the community to ask what it wanted to see at World Pride, one of the first answers I got back was "a new transit system." I said I'd look into it.

Kristyn Wong-Tam

Here's the funding.

Scott Mullen

There's an internal legacy in the city. There's the external reputation, but there's also a legacy I think that's left internally. I think lots of companies are very active in the diversity space. But there are lots of people in this city who go to work every day who are gay or lesbian and are not out at work because they don't feel comfortable. Lots of big companies have tried to address that, but I am sure there are lots of medium sized employers who have not. So we still have a lot of work to do. While we have a great reputation, that reputation will be cemented and expanded upon by World Pride. There's still a lot of work to do in the City of Toronto, in southern Ontario, in Wawa and places like that. I think we should not exaggerate how far we've come. We still have a long way to go. It's still a journey. And it's not just a journey about this file. It's a broader diversity journey as well. So I think we should be very proud we have an opportunity to showcase this city to the world, but we also should recognize that this is a journey for many people, and that journey will be helped by what happens at the end of June.

Brent Hawkes

I think of two things in terms of legacy. One is how well we use World Pride to build the movement, and that will be the legacy—an increased movement with more people involved, more people out, etc. But I also think, although in numbers it's going to be smaller, maybe even more important is what we learn at that Human Rights Conference. How many countries now are going to be part of the Human Rights Conference?

Kevin Beaulieu

I think it's about 150, 170 people.

Kristyn Wong-Tam

Including the former prime minister of Iceland, I understand.

Kevin Beaulieu

Former prime minister of Iceland.

Kristyn Wong-Tam

She and her wife are both attending.

Brent Hawkes

People from Uganda, Russia etc. are coming. What we learn at that conference about how we can appropriately be helpful I think will be a huge legacy issue over the long haul.

Kristyn Wong-Tam

And number two?

Brent Hawkes

Number one was building the movement here and number two was what we learn at the conference.

Kevin Beaulieu

World Pride will be a legacy, too, because it is only the fourth one. And what we're hoping is that this will be remembered as the World Pride where it really happened, it really came together, it really became that galvanizing moment that we were able to hand off to the next city.

Kristyn Wong-Tam

The last one was not so successful in London.

Kevin Beaulieu

Arguably, you're right.

Kristyn Wong-Tam

The brand itself was not as popular, was not as commonly known as the Olympics. What happened in London? And what do we need to avoid so it doesn't happen in Toronto?

Kevin Beaulieu

I was in London to see what happened there.

Kristyn Wong-Tam

In 2012?

Kevin Beaulieu

In 2012. They had some trouble pulling it together. There was not a great relationship between the Pride organizers and the City of London. In fact, they didn't have a parade permit in the end. They weren't granted one. So they had to exercise their right to march politically. They still had a great Pride, but it simply didn't come together. It was sort of sandwiched between the Jubilee and the Olympics, the way the organizers had hoped that it would. So it's up to us to rectify that and to set it on its right footing. And we have the support of our city, let me say.

Kristyn Wong-Tam

Yes, definitely the support of the city is there. We're even actually allowing Pride Toronto to erect a stage right underneath the Nathan Phillips Square fountains so they can blow off some fireworks. And that's the very first time that we're doing it there. You know political support is necessary. You're using the streets and all the city assets. I know there's been some pretty good provincial support there. Did you have some federal support as well?

Kevin Beaulieu

The federal government has supported us for years. Canadian Heritage provides us with a grant specifically for Canadian talent at the festival, and that support remains in place. The province has really stepped up in a big way, I would say, in the past couple of years, helping with the promotions and marketing to extend the invitation to communities around the world, but also in helping to secure and pay the talent and the production. Our government partners have really stepped up at all three levels.

Kristyn Wong-Tam

That's great. So that means in setting the conditions for a successful Pride you've got all the right ingredients. Now you just have to control the weather.

Kevin Beaulieu

That's my job.

Kristyn Wong-Tam

That's your job.

Scott Mullen

I thought that was his job.

Brent Hawkes

I'll take credit after the fact.

Gavin Crawford

They always do.

Scott Mullen

So far it looks like we should be lighting more candles somewhere.

Kristyn Wong-Tam

Well, every time I look into a crystal ball I see nothing but glass. I see my friend, Phil Gillies. Not to put you on the spot, Phil, but Phil is a Progressive Conservative candidate, a member of the rainbow family, who is running in the riding of Brant. It's great to know that we've got that provincial support right now. As we go through the election cycle—there's a city election, there's a provincial election, and a federal election—all sorts of things can change. So I think we must demonstrate that Pride is not just a great party, but it's also got real cultural integration, fabric connection to the city. It's not just held downtown, but it's being held across the city, with all sorts of political stripes supporting it. We would love to see it continue to move forward. What is your vision for our community in 10 years? I just mentioned I had a crystal ball and I saw nothing but glass. But these guys are special, because they're the panelists and I get to ask the questions. So in 10 years, when we talk about LGBT quality and inclusion, where do you think we might be? Somebody's record-ing. We're going to check your answer in 10 years.

Brent Hawkes

I think we've had some false starts in Toronto at trying to engage things internationally. We've done some things that we thought were going to be helpful but in the end turned out inappropriate and not helpful. I'm hopeful that 10 years from now, this city is playing a huge role internationally, appropriately so, engaging people on the ground in those areas, so that we can make a difference. Because every week, we gather together, we party, we go to faith communities, we go to sporting events. We have a freedom here that is exceptional. And we have a responsibility. I hope that 10 years from now, you see us really engaged in what's going on around the world and doing so in really appropriate and helpful ways, and that World Pride is the launch for that shift.

Kristyn Wong-Tam

Can you give me an example of what that engagement would look like? Don't leave us hanging in the abstract.

Brent Hawkes

Sure. A lot of us are really concerned about what's going on in Russia and what's going on in Uganda. And yet I guess probably most of us are doing nothing about it. So we have a concern, but we don't know how to focus on that. We should be having conversations about when a boycott is appropriate or counterproductive. What can we do to fund organizations without it being seen to be a North American funding organization and having it bounced back against us? What's the right way to help the situation in Uganda? If you go out in a satellite and look back at planet Earth, there are no national boundaries. We are responsible for each other. So what can we do that's appropriate to help Uganda? Some people are saying to fund organizations that funnel money through another organization to get it on the ground in Uganda, without it being able to be traced back to North America. Are there creative ways that we can do things? Do we need to bring folks from Uganda here to train them? Do we need to have Radio Free Africa, where we use radio stations to try to get into homes on the ground? What do we do to change the situation? I don't know the answer to that. I'm looking forward to listening at the conference to try to figure it out. But my guess is that if you spun the globe around and you put your finger on any country in the world, there will be LGBTQ people in this city from that country who want to help. So what can we do to help?

Kevin Beaulieu

First of all, the Trans communities are really making some headway right now. They're working very hard, achieving some results, and I hope that those are solidified, especially in federal law. But they continue to move forward and have success. Kids in school, who are still being teased and beaten up, know where they can find support and help. As we gain acceptance into mainstream society here, I hope we don't lose the cultural bonds that we've built. I think there's a great risk that we'll become comfortable, and that events like this will be fewer and further between. I hope Pride will play a continued role, a continuing role in bringing us together regularly, because as far as I'm concerned, our social and our political strength has always been grounded in the social aspect of what we do and who we are. Out of the bars and into the streets doesn't happen if you're not in the bars in the first place.

Gavin Crawford

That's kind of my wish too. Ten years ago I sort of wished that we all looked as good as we do right now. In 10 years, I would hope that we're still having maybe fewer battles to fight, but I hope that we're still having a big celebration. I hope there is a celebration of not only solidarity, but a huge celebration of diversity—diversity not only with the community, but diversity within the community; the married people, the non-monogamous people, every kind of people. I hope that we're all coming together, we're not fighting against each other, and that 10 years from now, we've managed to come to some kind of collective agreement that people are valuable regardless, and that's what we celebrate.

Kristyn Wong-Tam

The glass is half-full and I see that you keep filling it. Fantastic.

Scott Mullen

I think the internal or the domestic agenda is as important as the international. I think we sometimes—just to go back to that—still have debates about gay-straight alliances at schools. We still have lots of bullying issues. I would hope that we would be celebrating more the status of the successes of the community and be less worried about the fact that we need to protest. I suspect we won't be as far as that, but I hope we keep our eye on the ball on the sorts of things that are going on at home and abroad.

Kristyn Wong-Tam

Were you going to add something?

Andrea Wood

No.

Kristyn Wong-Tam

This is the second or third time I've been to the Empire Club. Every single time it's somehow associated with the head table. But I think that the fact that we're here at the Empire Club and the Empire Club is hosting us is a reason to celebrate. So it's just another sort of incremental step to where we need to go. Thank you very much to the Empire Club.

I want to thank our panelists, because I often see these fellows at a cocktail party, but I really felt this was a nice conversation; what we got to have is a conversation. Sorry you didn't get to ask any questions, but I have learned a tremendous amount just from listening to them, in terms of insights and vision, and some of the battle scars. I'm hearing from you, Brent, that there's a few. And certainly we are at a place and time in the City of Toronto, which I believe can only get better, because my goodness, it can't get worse.

When we are ready to welcome the world and roll out that rainbow carpet—and it is going to go around the city from North York, Scarborough, Etobicoke, and right along the waterfront—I would love our city to be showcased in the very best way and the very best that we have is really our neighbourhoods and people when it comes down to it. I know that there are oftentimes discussions about what to see when you come to Toronto and there are lots of things to see, but I'm hearing in certain neighbourhoods, that I would not normally have heard from, that they're really excited about this summer, and that World Pride is going to be a signature event. It's actually an historic moment for the city, not just because we're hosting World Pride. It's actually an historic moment for the city because it is the largest event we've ever hosted in the City of Toronto, the largest global event we've ever hosted. Up to two million participants are expected over the 10- day celebration of World Pride. I feel so optimistic, and I'm seeing it now in our neighbourhoods and I am certainly feeling it. I'm just absolutely thrilled, thrilled that you have been able to join us today and thrilled that the Empire Club was able to host us. Thank you very much, everyone. Thank you.

The appreciation of the meeting was expressed by M.J. Perry, Vice- President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada.

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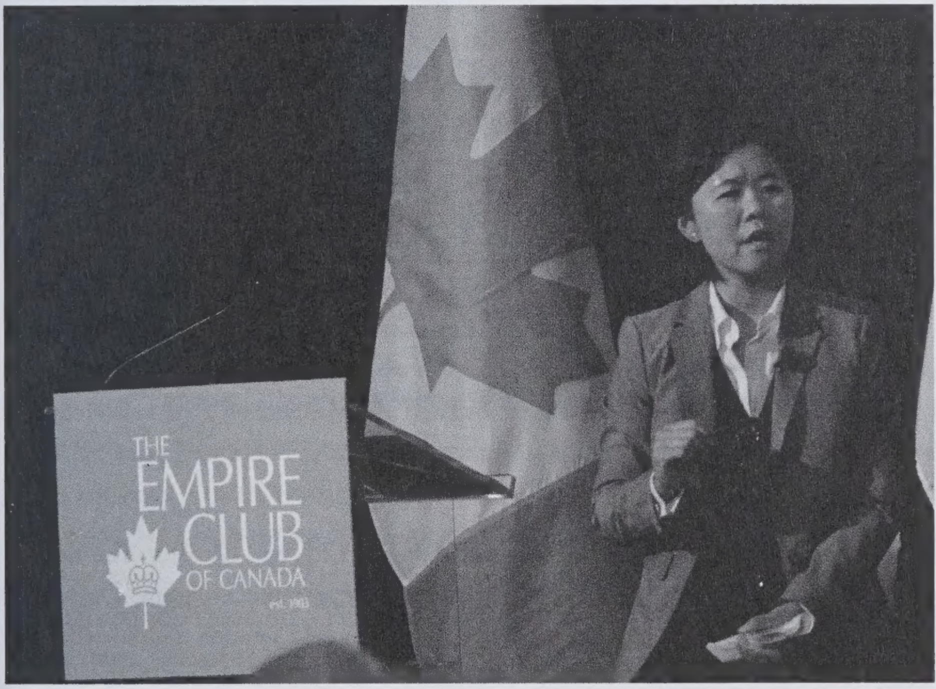
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May 23, 2014

Dr. Clarence Epstein

Director, Max Stern Art Restitution Project, Concordia University

Hana Gartner

Former CBC Investigative Journalist.

THE MAX STERN ART RESTITUTION PROJECT: HOW CANADIAN INSTITUTIONS ARE BLAZING THE TRAIL IN NAZI-LOOTED ART RECOVERY

Chairman: **Andrea Wood**
President-Elect, The Empire Club of Canada

Head Table Guests

M.J. Perry, Vice-President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada; Miranda Li, Global Business Management Program, Centennial College; Tom McKaig, Adjunct Professor, University of Guelph, Author for McGraw-Hill Publishers, and Director, The Empire Club of Canada; and Dena Libman, Director, Operations and Compliance, The Azrieli Foundation; Rupert Duchesne, Group Chief Executive, Aimia.

Introduction by Andrea Wood

Ladies and gentlemen, I am honoured to be able to introduce two extraordinary speakers today, starting with Dr. Clarence Epstein.

In his role as Senior Director of Urban and Cultural Affairs at Concordia University, Clarence is very involved in the day-to-day operations of the university. He's responsible for Museum Relations, Cultural Property, Built Heritage and Urban Planning. And he has overseen one of the largest public art programs of any Canadian university. He's also responsible for managing the development of Quartier Concordia, an urban planning project that is transforming the western downtown core of Montreal into a unique university precinct. So yes, he has a big day job.

I prefer to think of Clarence, though, as a latter-day monuments man, a kind of a better-looking George Clooney or an even brainier Matt Damon. This is because one of the hats that Clarence wears most proudly is that of Director of the Max Stern Restitution Project. Clarence will tell you more about the Restitution Project during his remarks, and I don't want to steal his thunder. Suffice it to say that Clarence and his team of experts scour the world looking for artworks that were lost by Max Stern during the Holocaust Period. When they find them, they work to secure their return to the Max Stern estate. This work involves determination, patience and enormous amounts of emotional intelligence. Clarence has all those things in spades.

I was first introduced to Clarence in Montreal by my friend, Susan McArthur, who had persuaded me to get involved in the documentary that Susan was developing about Clarence and the Restitution Project. When I met him, he was in full swing, coordinating a ceremony celebrating the return of an artwork to the Max Stern estate. To attend the event, he had assembled a remarkable cast of characters: art dealers; a famous international art hunter, who you saw in that trailer; museum curators; university officials and even Homeland Security.

Since that first meeting, Susan and I and our latest collaborators, HLP Productions, have been the storm chasers of the Restitution world, racing to the sites of Restitution events hosted by Clarence in cities as diverse as Montreal, Berlin, The Hague and most recently, Düsseldorf. Having seen him in action, I can tell you that Canada could not have a better ambassador on the world stage. Clarence's network is vast and varied. He navigates the challenging issues raised by art restitution with tact and discretion.

Clarence will speak for a few moments and then invite Hana Gartner to join him on the stage. We were so delighted that Hana was prepared to join us today. Hana tells me that she got an Honours Degree from Concordia, but an education from the CBC. For over three decades, she travelled the country and the world on behalf of the CBC, delving into the minds of people from every walk of life and telling their stories.

She's climbed a glacier in Austria, investigating the mysterious disappearance of a Canadian hockey player. She's trekked through Uganda and Kenya, tracking down a bookkeeper who embezzled close to $1 million from children's daycare centres, and she brought him home to face justice.

Hana has grilled everyone from prime ministers to contract killers. She's investigated everything from polygamy to airport security. She's taken on the corrupt and the inept and has explored and exposed that which makes us human and that which makes us inhumane. She says, in the end, all she ever really did was ask questions, the ones you would ask. We look forward to having her do that today. Clarence, over to you. Please take it away.

Clarence Epstein

Good afternoon everybody. It's truly an honour to be here today. It's not often that a dyed-in-the-wool Montrealer gets to sing "O Canada," except at hockey games against the rival teams. Yesterday, when we attended another lunch in Montreal, held by the Italian Chamber of Commerce in Canada, our university president gave a presentation on the role that Canadian universities can play on the international scene. In effect, that is an important segue to the work that the Max Stern Restitution Project conducts by virtue of its connection to two Canadian universities, McGill and Concordia in Montreal, and the Hebrew University in Jerusalem, which has a very strong and vibrant arm here in Canada via the Canadian Friends of Hebrew University. The three universities are heirs to the estate of Dr. Max Stern, the story of which I'm going to reveal in brief this afternoon and explain to you a little bit about how the Restitution Project unfolded.

A series of slides were shown.

The first person, of course, of interest in any project is our man, Dr. Max Stern. You see the young Max Stern here with his father, Julius Stern. Julius was a merchant in a small town called Mönchengladbach in the vicinity of Düsseldorf, where he started in the clothing industry and followed his passion in the arts until eventually investing in an art dealership in Düsseldorf, wherein he moved his family of three children, Max and two daughters, and his wife.

Düsseldorf, in the early 20th century, was a fairly influential centre in Germany and in Europe. A great number of industrialists based in that city were gaining an influence, in part, by making important acquisitions, including that of works of art—both old master paintings and 19thcentury and early 20th-century German paintings. Therein is where the Stern family set up their business. Within that business plan was a vision to educate their children and to eventually have their children, most specifically Max, become the defined heir of the estate, or rather of the gallery.

The unfortunate death of Julius in 1934 precipitated a much quicker responsibility of the young Max in the dealings of the gallery. Now 1934, of course, echoes an important period in German history. With the rise of the National Socialist government came a number of repercussions that at first were somewhat slow and seemingly benign but, of course, became what we know today as the rise of the Third Reich. Therein is where the young Max found himself in 1934–35.

By that year, 1935, he received his first letter from the Gestapo, or from a wing of them called the Chamber of Fine Arts, wherein he was reminded that as a member of the Jewish faith, he was no longer allowed to practise his trade. This was something quite confusing to German Jews in any profession. At the beginning, they were trying to find recourse on how to circumvent this kind of edict. For a number of years, they proposed different solutions on how to manage an art gallery that was owned by Jews. With every subsequent appeal they failed, until 1937 when the young Max Stern received the last notice that he had to wind up the gallery, liquidate the remaining assets and effectively remove himself from the business. It was at that time that the last act in the Galerie Stern took place, which was the forced liquidation of the collection at an auction house in Düsseldorf, called Lempertz, a name that I'm going to repeat a few times this afternoon because they remain in business today in Cologne and they remain a somewhat problematic entity for us and many other claimants of looted art.

The story of Max Stern, of course, is one that leads us to Canada, because after Stern left Germany in late '37 with just a suitcase in hand, he first landed in London, where he tried, with his sisters, to set up another art gallery business. For the unfortunate reason of being Jewish, he was forced out of any kind of civilian life and into internment camps, first in Britain and then eventually in Canada. Canada, of course, being part of that extended empire for lack of a better word, was accommodating internment camps in New Brunswick and in Quebec, where the young Max Stern was placed.

That internment camp experience was one, I think, that is not to be really underestimated, because there were many Germans who were in these internment camps, both Jewish and non-Jewish, but they faced a similar exile. Many of them chose Canada during the war and after the war to settle in and make their home. It's part of that exodus from Germany that, in some ways, has enriched Canada in its immigrant experience. Max is one of those immigrants.

He made his way to Montreal with nothing. He eventually introduced himself to a small gallery called the Dominion Gallery, run by the Millman family and eventually rose to become the director of that gallery, not yet the owner. Not yet the owner because he did not have any funds with which to build another business. Those early funds actually came from a source that is quite important and a reflection of how resolved Max Stern was, even right after the war to try and recover his own belongings.

He met a woman whom he eventually married, Iris Westerberg. Together they mounted a publicity campaign to try to recover their works of art lost before the war. You see a picture of them here en route to Europe in pursuit of lost works. That page in his hand is an extract from an art magazine where he had bought an ad to advertise some of his losses. From the mid-1940s, Max Stern was already pursuing restitution. What is even more compelling, and I think an indication once again that as Canadians we don't always promote our own history and take pride in what we've done, he reached out to a young Cultural Affairs Minister in Canada named Lester Pearson.

We have correspondence between Lester Pearson and young Max Stern requesting assistance from the Canadian government to pursue these losses. Lester Pearson wrote letters of introduction for Max Stern to Europe to various ambassadors based in the European countries of the alliance and he wrote to the Canadian military representative in Germany at the time in the hope that the military could assist Max Stern. Our story has yet to be told about the role that Canada played in the post-war efforts to recover looted art, because some of the monies that were acquired by Max Stern to eventually buy the Dominion Gallery came to him and Iris from the paintings recovered with the assistance of the Canadian military.

That is part of a long story that has quite a wide gap in between, because in the years where Max attempted to recover works, which is a fairly limited period, there were all kinds of statutes and decisions taken by the European and American Alliances and the German government insofar as making restitution claims. At a certain point, Max turned his life around and built a gallery like no other in Canada—the Dominion Gallery.

Here you have Max towards the end of his life kind of presenting himself with what were his children, because he had no children. When he passed away in 1987, he left the bulk of his estate to three universities: Concordia, McGill and Hebrew University, which are, in effect, acting like his children in pursuit of their rightful belongings. That's where the story jumps from the mid-'40s when Max was pursuing claims on his own behalf, to the late '90s when Concordia University became involved in the management of his estate. His estate was a vast estate. He was a very, very wealthy man when he passed away. He had also left more than 5,000 paintings in the Dominion Gallery inventory, as well as an important private collection that he left to museums across North America and Israel.

In the process of managing that estate, we were taken aback by the amount of work and the amount of information that was available to us in the archives that Max Stern left. What happened, effectively, is in the same way the universities were responsible in liquidating the Dominion Gallery collections for the purposes of winding up that business, we found out that there was another business that had been operating that none of us had known about, which was the Galerie Stern. We uncovered this catalogue, which was a catalogue of the sale at Lempertz in 1937 of the final remnants of the Galerie Stern.

From there, forensically, we built an argument around what were three imperatives that the universities shared. We had a fiduciary obligation as his heirs; we had a moral obligation; and we had an educational obligation. Those three together formed what has become the Max Stern Art Restitution Project at a time which was quite pivotal, because 1998 was the year that the Washington Principles were signed, which was a gathering of 44 countries in Washington that agreed to find fair and just solutions in relation to lost works such as those of art during and before the war.

For three universities to manage this, we had to rely on our strengths. We weren't going to start following legal procedures that didn't exist. We weren't going to start advertising losses like the young Max did, because those were no longer vehicles that were opportune or feasible at the time for three universities. What we did is we leant on what, for us, was our strength, which is research and education. We proposed to the executors of the estate a vision wherein we would create an exhibition. That exhibition— we hoped; we weren't sure at the time—would travel the world; it's an exhibition, designed and curated by one of our professors, Catherine MacKenzie, at Concordia University. We created what we believed was a ghost exhibition, an exhibition of works whose last whereabouts were no longer known. It was unclear to us who might be holding them or possessing them as we called it. In effect, we were trying to use this as a platform for information gathering.

This became one of the hallmarks of the project in terms of combining research, education and transparency in objectives that are not very common in the art world. That is not the way the art world functions on a day-todaybasis. Through this exhibition, we were breaking new ground. What happened in effect, though, was that we reached out to partners of collections of other major estates that we had worked with. These were the auction houses in Canada and internationally, such as Waddington's in Toronto and, of course, Christie's and Sotheby's, who had representation in Canada but were completely intertwined in the art world network internationally.

Just on the eve when this exhibition was about to open in Montreal, where we had no paintings, only ghost reproductions, we got a call from Sotheby's—I'll bring Christie's in very shortly. They had uncovered in a very timely and opportune moment a painting that belonged to the estate and was in that famous forced Lempertz sale. Sotheby's returned the painting back to us unconditionally. You see the painting in front, in colour; the first painting that was returned to the estate—a work by a 19th-century Romantic artist named Émile Vernet Lecomte. This became the first painting that we never thought we would get. We didn't believe that we had any chance, because we weren't quite sure how deep the well was and how precarious it was going to be to recover things.

Well, the exhibition became the guide for us in the process of developing a restitution project that was based primarily on research and education. The exhibition traveled from Montreal to New York and was exhibited at the Leo Baeck Institute. Just in time for the opening of the ghost exhibition at the Leo Baeck Institute, we got a contact from a foundation based in Spain. We had done some research and had discovered that a small foundation in Mallorca, named the Jakober Foundation, had a collection of childhood portraiture and adolescent portraiture that included this painting by Nicolas Neufchatel, the "Portrait of Jan van Eversdyck." This was a Lempertz painting.

When we reached out to the foundation, it turned out that Mr. Jakober was the son of Holocaust survivors. He immediately recognized the issue at hand and unconditionally returned the painting in time for the opening of the exhibition in New York. You can imagine what is starting to happen now for us. We are starting to understand the power of educating and the power of promoting the power of finding people who share in doing the right thing.

The exhibition travelled. It went to London. It became part of an exhibition series for the Ben Uri Gallery, which is the London Jewish Museum of Art. As good timing would have it, our good friends at Christie's gave us a call and advised us that this work was a work that they had caught and that had a problematic ownership history connected with the Galerie Stern. Christie's, similar to what Sotheby's had done before in Montreal, returned this work in time for the first European leg of the exhibition and, most importantly, was a breakthrough for us, because most of these paintings are circulating on the continent or in the markets in London and New York.

This work by Jan de Vos was unveiled in time for the opening of the exhibition in London. We're starting to get used to this formula of opening an exhibition in a city and eventually getting a painting back. But I don't think there were going to be enough cities interested in our timetable as there were paintings that needed to be recovered, more than 400 as you have heard earlier.

What happened was that we started a relationship with the auction houses and with the art trade that was symbiotic, because the auction houses and the rest of the art trade are quite dependent on both their reputational exposure, as well as the conflict of having a painting that does not have a clear, rightful heir in modern legal circumstances. Working with them has been a very important step in sharing information, as well as learning about the whereabouts of paintings that we would otherwise not know about, because of the complications of sharing information in the art world.

What happened was while the exhibition was touring in London, it eventually made its way to Israel. We organized a very large conference in Israel with the assistance of the Hebrew University and the Israel Museum, both of which were heirs of the estate as well, and started promoting a number of the larger issues related to restitution, not only in connection with the Stern Project, but in connection with other families and other individuals who were being forced in the same way to deal with a very limited set of information bits and a very large and precarious art world.

What happened was we took that conference model and we understood that there was a conference going on in Berlin, not one that we could control, because it was being supported by the German government. With the assistance of Christie's, once again, we were able to secure the recovery of another painting. This is a work by the Circle of Jan Wellens de Cock, "Flight into Egypt," that we unveiled on the eve of an important conference in Germany that was addressing the role that German museums and German art institutions had in dealing with this issue. We took a position, by that time having already achieved a certain amount of success in the exhibition circuit of the work that was being done by Concordia. The exhibition was called "Auktion 392, Reclaiming the Galerie Stern, Düsseldorf." That term "reclaiming" was a very loaded one, especially in Germany where the Germans were in somewhat of a state of denial about this being still an issue, still a hangover from the war.

The next morning, the German Minister of Culture recognized the press conference that we had the day before and made reference to the work that we were doing. For us, this was an important coup, because Europe was not the only focus. It was truly what we were going to be doing in German-speaking countries, since so many of these paintings that had circulated in the Düsseldorf scene, were paintings that were circulating in areas like Holland, in areas like Germany, in areas like Austria.

With that recovery, we had an important statement to make in Germany, but we didn't yet have relations with the Germans. This was something that takes many years. We have to thank the Canadian government for facilitating introductions to the universities of diplomatic officials overseas.

What happened concurrently with this is that we discovered another painting that was going up for sale in Rhode Island in a very small, unknown auction house. This painting was extremely problematic. A problematic one because it had a direct link with the Galerie Stern in those most difficult years, but that the possessor of the work who had consigned it to the auction, also decided to post all the paperwork in connection with the painting and showed the proof of sale from the Lempertz auction that her step-father had bought it in. We immediately raised red flags because this was in the United States. This is a jurisdiction that we hoped would understand the problems and the complexities.

We went to appeal to this possessor/owner, who turned out to be a German baroness, who had left Germany just after the war to make a new life in the United States. At first, we thought she was somewhat sympathetic to our cause, until she decided, without any legal advice, to ship this painting back to Germany in the hope of removing it from U.S. jurisdiction and not making any declaration.

At that point, we had to take legal action. Through that legal action, a number of important steps and the turning point in the project took place. What you have to understand was that this was the poster child of the Lempertz sale. This was the piece that was drawing the attention of all those buyers who were going to come and pick up discounts at a Jewish sale in Germany just on the eve of the war. The role that the estate took in supporting with the universities, a legal action against the Baroness in the United States was pivotal. What happened is that we went to the First Circuit of the Federal Court of the United States. After several years' arguments, we won our case. Not only did we win our case, the baroness appealed and she lost the appeal. The decision by the United States government, in effect, to render this painting back to the heirs of the estate, the three universities, was critical. Our arguments were what we believed to be solid.

This is an image of the painting in the baron's castle during that period right after the Lempertz sale. He effectively took this work and gave it a pride of place. When the story broke internationally with regard to the court actions and the winnings, this was a turning point for us because not only were we on the international stage by virtue of the decision, but we were also coming into the alliance of the United States government. By virtue of this decision, all works, that were from that forced sale, were deemed to be stolen by the United States government. Therefore, the Department of Homeland Security calls us now when they catch paintings. We don't call them anymore, because they are acting on a decision and not acting on a request.

This is an ironic picture, and I show it to you now very quickly. When the story broke and started appearing in all the international art magazines, look who bought the ad next to the story. It was uncanny. Lempertz does not recognize and still does not recognize the bona fide rights that the universities have in pursuing these claims. It is a problem that we still face today. We're not sure how Lempertz is going to move forward in this universally agreed, problematic issue.

Just after the Winterhalter was recovered, the United States government started sending out their Immigration and Customs Enforcement officers under cover to the art markets, to the art fairs. They do that regularly when there are looted works that are in circulation. In this case, this piece that was at Maastricht at the time, was seized by the Department of Homeland Security by two undercover officers and returned to the estate. The story made the headlines again in the United States. All the major media outlets in the United States covered it, including the New York Times. With that New York Times article, other dealers started recognizing this connection between Max Stern and the Galerie Stern.

Within two weeks of recovering the work of "the Bagpiper," we recovered this work by Ludovico Carracci, an important Italian old master painter, that was in the collection of the great old master dealers, Richard Feigen, who called me at my office and basically asked me for my address so that he could send this painting back, unconditionally. This was the start of an important movement for us in terms of having North American recognition of what we all believed was the right thing to do. But getting the Europeans to believe in it is another story and something that for us is an ongoing challenge.

The first place we were successful in doing it was in Holland where this painting, a work by Jan Brueghel the Elder, was on display at the Noordbrabants Museum, one of the state museums, and was on the list of paintings that the government of Holland had published that were considered problematic. We argued our case in front of the Restitutions Committee in the Netherlands and we won the return of this work, which is an important coup in having a European government like we had a North American government recognize the rightful claims of the estate. That created a little bit of momentum, a momentum that was supported by the large auction houses that remain close to us and work with us regularly in support of the issue of restitution.

A work by Juriaen Pool, a 17th century Dutch painter, was uncovered by Sotheby's. As it turns out, this work was with a German casino. It was, as you can imagine with a title like "The Masters of the Goldsmith Guild," very appropriate for a casino in Germany to display as a sign of wealth and taste. This painting was eventually recovered to us and was the first time that a German entity had acknowledged the estate's right-to-claim.

Soon after that, the fields started opening in Germany. We reached out to the Stuttgart Museum wherein we found this painting. We presented an argument that was very similar to the argument of the Brueghel painting. However, the Stuttgart Museum found that our research was not yet conclusive or definitive. Within two years of this painstaking work, which is done by an incredible group of researchers based in Washington, Ottawa, New York and London that work as part of the Restitution team, we uncovered a paper trail wherein this work was proven to be used as extortion by the storage company that was holding this painting for Stern during the war as payment in lieu of rent. That payment in lieu of rent, Max had to secure in order to purchase an exit visa for his mother from Germany just before World War II. By proving that, the Stuttgart Museum returned the work and agreed that this was clearly a non-issue.

The success of that brought about connections with the Canadian government. In the same year that that piece was recovered, Canada was the Chair of the International Holocaust Remembrance Alliance and wanted to take it upon themselves to make a mark internationally that year in Holocaust remembrance activities. At a ceremony at the Canadian Embassy in Berlin, Minister Kenney came personally to unveil the work and announce Canada's commitment to the issue of restitution, a commitment that continues now with the Canadian Art Museum Directors Organization, that is now working on case studies of research with Canadian museum collections in the hope of clearing any taint from any of our museums.

Soon after the Stuttgart painting, which was attributed to the

"Master of Flémalle," another work by an important German 19th century realist was uncovered at an auction house that was the competitor of Lempertz, an auction house that had given us problems in the past, but that had agreed to return this work to us. With the return of this work, the Canadian Embassy in Berlin shipped the painting as they did the Stuttgart painting to Berlin. We had an important return ceremony with a number of officials from northern Germany. Northern Germany is where the heart of our issue is, because that's where the paintings are circulating. In northern Germany, we have now come full circle from the young Max Stern and his issues as a young Düsseldorf gallery owner to the City of Düsseldorf itself, which is really back to the scene of the crime. In Düsseldorf, we have now developed an important set of relationships with the government of Düsseldorf and with their museums wherein we are finding a number of problematic works in the museums.

The first one that was returned is this important selfportrait of one of the pioneer artists of Düsseldorf, Schadow. Schadow was the Director of the Düsseldorf Academy. The Düsseldorf Academy was the greatest academy of art in the early 19th century in Europe. The fact that the Düsseldorf Museum returned this work and acknowledged it, a work that was great pride of place in their city, was an acknowledgment that this pride of place was put into question by the taint of the painting and its history. The recovery of that painting, less than two months ago, was held in Düsseldorf in the presence of Düsseldorf officials as well as our Canadian ambassador, who made the trip as well to Berlin and had taken a vested interest over the year in looking at this link between Canada, the Holocaust Alliance and the activities of two Canadian universities out of three that are committed to such a cause.

In effect, we're looking at an important network of members of the art trade, of members of the Canadian diplomatic corps, of other European countries, of law enforcement, of universities, of researchers that are coming together in the most unusual way to work towards a common end. That common end is one where 10 years ago we had never believed we were going to get one painting back. We are now up to 12. We have hundreds more to pursue. We are one cause out of many; many causes that have not yet been heard in terms of recovering works of art that were looted by families and individuals before and during the war. Anything that we can do to share and to assist in that cause is one, which we hope will create international reverberations for our universities and for our country.

Hana, I invite you to come up and expand a little bit on this issue.

Hana Gartner

Is this a movie or what? First of all, I thank you very much. I'm honoured to have been invited to ask the sorts of questions that I'm curious about. For justice, you are going up and down a lot of murky paths to get there. I think this is a 007. We've got one painting; we had an exhibit; we had a conference and the paintings came.

Clarence Epstein

Right.

Hana Gartner

I've become fascinated by this and I have done some limited reading. I'm understanding the complexity of all of this—the history, the morality, and the law. What I'm curious about is what made you decide to leave that last painting in Düsseldorf on the wall of that museum in Düsseldorf on loan? Most people, when they get their property back, want to go home, put it in their suitcase and bring it home.

Clarence Epstein

Right. It's part of a strategy. The whole Stern Project is one built on a strategic plan, a strategic plan that evolves. But with stakeholders like museums what you want to do is you want the issue to resonate. It cannot resonate in Canada as much as it can resonate in Germany when the scene of the crime remains in Germany. Leaving the painting on loan in Düsseldorf was important for the museum director, because that piece is one of her signature pieces in her collection, but also it allowed her the opportunity to approach her mayor and present a plan that if the estate had agreed to keep this painting on loan, her museum would organize a major retrospective on Max Stern, which is happening in 2018 in Düsseldorf. Often we have to look at the pluses and not the minuses when we're recovering paintings.

Hana Gartner

This is, am I right to say, uncommon?

Clarence Epstein

For us, it's been something that we've decided in the last few years as being strategic. More often than not, it's not institutions that recover paintings; it's individuals. They have the right to sell that painting whenever they want and to realize the gains that their ancestors did not realize.

Hana Gartner

When ownership is established it goes from museum to auction. Doesn't that just serve to feed the art market and starve the public?

Clarence Epstein

The paintings are still available for research. They are not going to all sit in museums. An artist did not paint a painting for it to sit in a museum. An artist painted a painting in pursuit of their passion. In the way that collectors and markets and museums and anybody who would like to acquire something goes, these works are free to circulate. Very often they land in museums and don't necessarily find their way anywhere else and don't even get exhibited sometimes. We know that perhaps 1 per cent of a museum's collection is on display at any given time. The fact that these works might circulate in private collections or be sold by individuals is something that is very normal in the art world. It shouldn't be shunned upon. We also have the opportunity to share the work with the public for a greater good.

Hana Gartner

You alluded to the fact that some 44 countries signed this agreement in '98 and there was another one in 2009.

Clarence Epstein

Right, in Terezin.

Hana Gartner

…pledging that there would be a resolution to all of these claims. Why have these international agreements been so spectacularly unsuccessful?

Clarence Epstein

Inasmuch as a government would sign these principles, it cannot enforce them legally. Each country has its own set of laws and within that set of laws, there are separate issues related to stolen property.

Hana Gartner

I'm not a cynic. I am a skeptic. Why would they all rush to sign this thing then if they couldn't do anything about it?

Clarence Epstein

Because they're principles; they're not signing laws. It's a step forward to sign principles in the hope that you're going to bring those principles back to your country and develop them into the rewriting of law.

Hana Gartner

So, why was there a silence in the firmament?

Clarence Epstein

Right now, what we're seeing is a gradual recognition. It takes years by these governments. We can't expect them to turn this around in a year or two years.

Hana Gartner

This is why this man is so good. He's such a diplomat. They would throw me out immediately.

Clarence Epstein

I wish I could cast aspersions, but the truth is these issues take time. Holland is one of the countries that is the quickest to have turned around their policies, created a Restitutions Committee, and helped the government advance this.

Hana Gartner

Why now? Is it a coincidence that suddenly we seem to be reading and hearing about all this restitution, the Max Stern Project, Cornelius Gurlitt with over 1,400 paintings?

Clarence Epstein

I don't think it's a coincidence, but I think that the stars are aligned. That is what is really important with regard to this issue. This Gurlitt hoard, that was uncovered just over six months ago, is one that has broken the back on the issue in Germany. In the past, you had individual claims that the German government did not get involved in because they were trying to distance themselves from the issue by saying, "You have an issue in Germany with the museum or with one of our art commercial businesses. As a result, you need to resolve it independently." This one was beyond any one decision. This one came out of a German government's ignorance to the fact that this many paintings were not in circulation; they were believed to have either been destroyed or had never been hoarded by one individual like Gurlitt had hoarded them.

Hana Gartner

This had to be a very large secret shared by a great many people in the know. The art world is a pretty closed entity.

Clarence Epstein

True.

Hana Gartner

How was it all these people were able to sit on this for so long, so well?

Clarence Epstein

There probably were people who knew about this collection in some way or knew about the Gurlitt family and the fact that they had works, but they weren't sure.

Hana Gartner

Because there was self-interest in that pool of people.

Clarence Epstein

Precisely. Gurlitt himself, the son, sold paintings slowly to subsidize his life. As a result of selling those paintings, there were certain dealers that we had heard about both in Switzerland and Austria, that had sold works. In Cologne, Lempertz was known to have sold the work that Gurlitt's son had consigned to them.

Hana Gartner

I applaud the honour of seeking justice and doing the right thing. But then, you start to think, whether all looted art should be returned?

Clarence Epstein

Big question and a question that at a university is one that is of great interest to the academics. We recently hosted a conference in November called Plundered Cultures, where we took three case studies: Germany during the war, Armenia, and the Aboriginal experience in Canada. We looked at them comparatively to see what overlap there was and what issues were shared. This issue of injustice remains continual. But sometimes history, sometimes politics, sometimes life gets in the way of these matters. Bringing them out academically is the first step towards getting some kind of critical path together in the form of injustice on a much more macro scale as you're suggesting.

Hana Gartner

When you start thinking about the practicality, should there not be some statute of limitations? When you start thinking about who owns what in all of these museums, natural history, art museums all over the world, we could empty them all out. We could empty out the British National Museum.

Clarence Epstein

Absolutely. I think this is a crisis that is going to have to be managed.

Hana Gartner

It's called the spoils of war, right, looting?

Clarence Epstein

Precisely. You see that now between Russia and Germany. Germany does not recognize the claims that Russia makes on anything looted, because it says it's quid pro quo. We went to war together. Our losses are our losses. Your losses are your losses. We beg to differ on any claims. That is a problem, but one that the museums are going to be facing, because they're going to have to own up to the ownership history of every object in their collection. Sometimes it will be impossible for anyone to prove it. In some cases, there will be trails that might have been somewhat suppressed in the files.

Hana Gartner

This sounds like a new concept. Isn't investigating the provenance of these pieces of art part of the responsibility of a museum? Like, "Where does this thing come from?"

Clarence Epstein

Yes. It comes out of a set of, I guess, misguided traditions that are very typical in the art world where the control of information and the control of transparency gives you power. Museums have and need that same control of information and power to compete against other museums and to compete against other researchers with whom they don't want to share that information, because they want to publish it. They want to present it.

Hana Gartner

I also think of the other side of this whole issue, and that would be the good faith buyer. Somebody actually buys a piece of art in good faith and somebody knocks on the door and says, "No, it's mine." Is it justice that they just have to fork it over?

Clarence Epstein

It's not. It's a problem that the estate faces regularly on paintings wherein an auction house has it consigned by a collector who is seven or eight degrees separated from the original forced sale in the '30s. We acknowledge that and we try to find ways to work it out. In the end, there is a black mark on this painting, a black mark that we cannot lift as an estate, because the work is believed to be ours, but a work that remains rightfully theirs by virtue of the laws of their country. As a result of that, neither of us can actually make a move without both of us agreeing to what the move is.

Hana Gartner

We think of art and the art world; we put it on a pedestal, but it sounds as if this can get really down and dirty.

Clarence Epstein

I think it probably is dirty and in many cases we don't hear about it. You don't get presentations really on failed attempts to negotiate and on issues that remain in negotiation, because negotiations are very sensitive. If you try and air your dirty laundry during a negotiation, it can hurt you. You have to be careful. Sometimes people believe that no matter how failed they are in their current approach, they'll have success later. If they try and air their laundry now, they might compromise their chances of having that success later.

Hana Gartner

Human nature being what it is, if you owned something for 65, 70 years, who thinks of provenance? It's yours, because you've had it that long. How common is it for museums, generally, to hide Nazi art works with just confusing and misleading provenance to actively try to keep this art lost?

Clarence Epstein

I would hate to think that it's intentional.

Hana Gartner

You said it's not intentional, but that's willful.

Clarence Epstein

It might be willful. Without pointing the finger at one curator, one can only imagine that a curator would hate to have to release one of their treasured objects if they didn't have to. Because the burden of proof is on the claimant, sometimes we do not always get the information that the museum has on file in a very straightforward and direct way.

Hana Gartner

To what degree are museums, not just in Europe, but in North America too, because there have been issues here, complicit in sort of a willful collective forgetting because it's cost effective to do that?

Clarence Epstein

We've recently seen with the Museum of Modern Art a challenge on their collections and particularly works looted during the Holocaust period and a great turnaround. Have you seen the movie "The Portrait of Wally" and the recovery of the Egon Schiele painting wherein the Museum of Modern Art is questioned in its intentions and its genuineness in wanting to resolve a wrongful issue? That is sometimes something that has to be dealt with at a political level.

Hana Gartner

It's something that has confused me. I haven't figured out why it is there's been such a resounding silence, even with Jewish museums, in not coming forward and seeking the same sort of justice as vocally as you are.

Clarence Epstein

A museum is a museum. It's not necessarily because it has a Zionistic mandate that it will have a different role to play as a museum. Within Israel there are problematic works in collections that are dealt with in the same way they're dealt with in other museums in any other part of the world. You're looking at a kind of entity, which is the museum wherever it is, and the problems that museums face right now in having to revisit their policies and revisit what is in effect a tradition that has to change.

Hana Gartner

The road to fairness and justice is obviously not an easy one. This is a bumpy ride. I'm sure you have storiesthat I wish we had time for.

Clarence Epstein

Absolutely. To be continued.

Hana Gartner

I thank you so much.

Clarence Epstein

A pleasure.

Hana Gartner

Thank you very much.

The appreciation of the meeting was expressed by M.J. Perry, Vice- President and Owner, Mr. Discount Ltd., and Director, The Empire Club of Canada.

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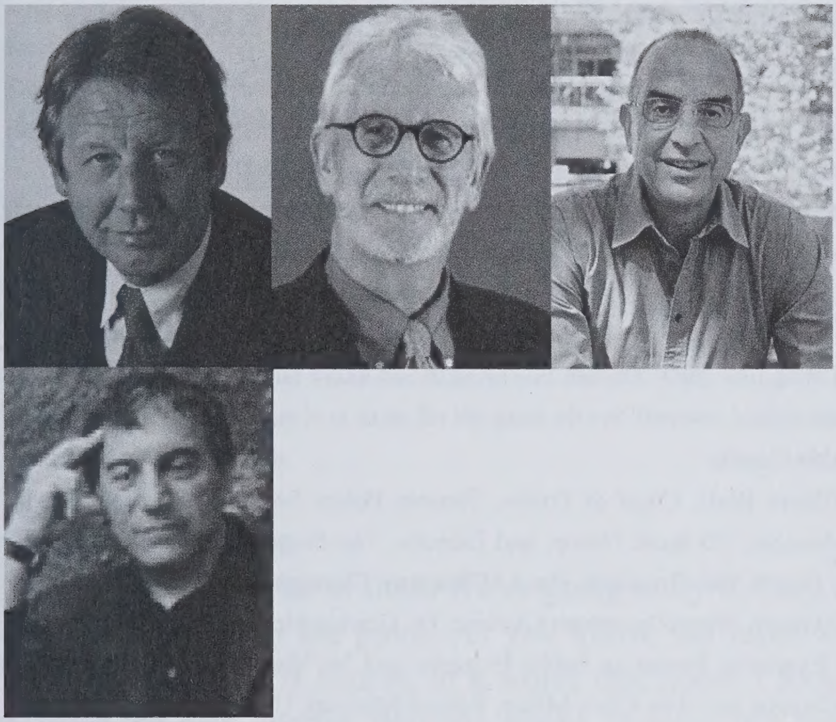

June 13, 2014

Christopher Hume

Architecture Critic and Urban Issues Columnist, Toronto Star

Paul Bedford

Member and Fellow, Canadian Institute of Planners

Ken Greenberg

Principal, Greenberg Consultants, and Former Director of Urban Design and Architecture, City of Toronto

Patrick Luciani

Senior Fellow at the Global Cities Program, Munk Centre for International Studies at the University of Toronto

PAUL BEDFORD, KEN GREENBERG AND PATRICK LUCIANI IN CONVERSATION WITH CHRISTOPHER HUME VISIONS FOR THE TORONTO OF THE FUTURE

Chairman: **Noble Chummar**
President, The Empire Club of Canada

Head Table Guests

Chief William Blair, Chief of Police, Toronto Police Services; Stephen Hewitt, Senior Manager, TD Bank Group, and Director, The Empire Club of Canada; Jim Kershaw, Senior Vice-President, Head of Business Management and Strategic Initiatives, TD Wealth Private Investment Advice; Dr. Gordon McIvor, Executive Director, National Executive Forum on Public Property, and 3rd Vice-President, The Empire Club of Canada; and Rev. Chris Miller, Retired Minister, United Church of Canada, and Chaplain, Context TV.

Introduction by Noble Chummar

It's a distinct honour to have our guest speakers, along with our esteemed moderator today, to speak about the future of the city of Toronto. Our guest speakers are experts in urban life and city building. Christopher Hume is the architecture critic and Urban Issues columnist of the Toronto Star. He's won a National Newspaper Award and has been nominated for that award, a very prestigious award, several times. The Royal Architectural Institute of Canada recognized him with an award for architectural journalism. He appears frequently on radio and television as a commenter on urban life.

Ken Greenberg is an architect, urban designer, teacher, writer, and former director of Urban Design and Architecture for the city of Toronto. And he's a principal of Greenberg Consultants. He is the recipient of the 2010 American Institute of Architects Thomas Jefferson Award for Public Design Excellence.

Mr. Patrick Luciani is currently senior fellow at the Global Cities Program at the Munk Centre for International Studies at the University of Toronto. He is also co-founder of the popular Salon Speaker Series at Grano and is co-director of the Munk Debates.

Mr. Paul Bedford is a member and fellow of the Canadian Institute of Planners, with over 45 years of experience in urban planning. Paul was Toronto's chief planner for eight years and served eight mayors over his 31-year career at the city of Toronto. Since his retirement in 2004, he's been appointed an adjunct professor of Urban and Regional Planning at the University of Toronto and Ryerson University.

Today's lunch will allow us to dream about the future and discuss the challenges that our City faces. Toronto is one of the great cities on this planet. It is our home and the home to many new Canadians who have not yet arrived and to new generations that will inherit it. So how we deal with urban issues really matters. International events, gridlock, neighbourhoods, transit, urban sprawl, and architectural excellence are some of the topics that today our experts will discuss. They will gaze into their crystal balls to tell us what is in store for the great city of Toronto. Ladies and gentlemen, here are your guests.

Christopher Hume

We don't have a lot of time. We're going to try to keep it short and punchy and to the point. As you know, the topic today is Toronto in 2050. Of course, in a world that doesn't look much beyond the next quarter, thinking ahead 35 years is a leap for a lot of us. Yet, everything we do in terms of city building seems, at least in Toronto, to take 35 or more years to get done. So I think 2050 looms much closer than we like to believe.

Of course, the other thing that makes this talk even more interesting than it would otherwise be with my three guests here is the fact that we had such an interesting election last night. Even though we might not all be thrilled—I am—it would seem to me that there's no argument that one could make that this election at some level or another was about cities. It was about urban Ontario. Even though most of us live in cities and in suburbs— mostly suburbs, but of course we like to ignore that and concentrate on the urban part of the equation—this is, I think, a part of our lives, a part of the life of this province that we are very uncomfortable with for some reason.

I think that the most interesting thing about Kathleen Wynne is the fact that she embraces the urban. I mean, she actually mentioned transit in her victory speech, which, I think shows some kind of change is happening. She didn't just talk about chopping budgets and firing people and all that kind of stuff that we hear so often and that we've heard for so often, for so long. Anyway, I'm getting off topic already.

The three of you each have two minutes. I guess I'm not going to ask a question at this point. You guys will give your two-minute version of things. Then we'll fire some questions. If there's enough time, of course, we'll look to you for some queries from our experts. Paul, your two minutes, please.

Paul Bedford

Thanks, Chris. I'm really happy to be here. I'm going to try and focus right in on key issues. I think, as we've all heard, we're living in a great city now. We are the largest city on the Great Lakes now. We've surpassed Chicago. We're going to evolve into a world metropolis, but I don't think we're thinking or acting like a world metropolis or doing what's necessary to prepare us to become a world metropolis. That's what I'm going to get into.

My premise is that we have to think big and we have to think long. I know Chris said this is about 2050. I'm going to advance it a little more to 2067, because that's Canada's 200th birthday. It's only 53 years away. The young people here are all going to be alive. I don't think we up here will make it. The reality is I want to help you envision that next half century. Go backwards 53 years to 1961. For those of us here, who were obviously alive then, decisions were made in 1961 that we are still living off today—subways, GO Transit, building infrastructure, schools, parks—all making up a civilized society. The real- is that we need to think about all those things, not only for the next four years, but for the next half century.

I'll just give you a couple of figures here that I think are quite interesting. Many of you know about the Places to Grow growth plan that the Province of Ontario adopted in 2006. If you fast forward the population and employment projections for 2067, which is my benchmark, the GGH, or Greater Golden Horseshoe, is going to have a population somewhere around 16–17 million. That's about the same size as Greater New York City today. Just to get your head into what this place will be like in the future, that's the scale and the magnitude. Think of the kinds of infrastructure investment decisions that are needed to make a metropolis or a city region of that size work. If we continue the way we are now, we're not going to get there.

My theme, really, is about choices and consequences. I want people here, when we get into the discussion, to think about the choices that will be made over the next several decades and to connect those choices to the consequences. If we have our head in the sand and make short-term decisions, I think we're going to pay a huge price and huge consequences in the future. That's one key thing.

One other area that I want to just touch on, and I'll wrap up my piece, is think about two cities in the world that have gone through a huge transformation. One is Tokyo with 35 million people in greater Tokyo. I don't know if anybody here has been there. It is mind-boggling, but it works. It works because of the right investment decisions in a whole variety of things that make up that civilized society.

Now look at Detroit, down the 401 here. It lost a million people in the last 30 years. If you've ever been there, you know they're paying a massive price for not investing in their public realm and their public infrastructure.

The last thing I'll say is that—and last night, I think, is very timely—in my experience in the city and in planning, people generally react to emotion first, reason second. I found at tons of public meetings they only talk about the reason. It helps, but you also have to connect the passion and the inspiration. You've got to put out a vision that is inspiring enough so that people want that vision. They crave it. The facts come and then there are choices that are made. I think that's what's before us now and that's what's before us in the next half century.

I'll end by saying my key question is: What are you doing to fix the city? What is your organization doing to fix the city? What are you doing? Are you thinking about your kids and your grandchildren who are going to be here in terms of transportation, employment, education, housing, environment and so on? I'll elaborate on that in the questions.

Christopher Hume

Thank you, Paul. Ken.

Ken Greenberg

I'm going to pick right up on the themes that Paul has laid out, and I want to put as background the fact that two and a half generations ago, right after World War II, we collectively, in North America bought into a paradigm. The paradigm was about exodus from the city. It was about taking the automobile, which is a wonderful tool, and pushing its use to levels that can only be described as abuse, about separating where we lived from where we worked, from where we shopped, and we transformed the urban world in North America to the point where two thirds of us now live in auto-dependent places.

We now find ourselves in a situation where a second paradigm shift, equally powerful, is underway. We see it being led by young people. One way of looking at it is there's a new North American dream, which doesn't look like the old one. It's not the driveway with automobiles for every adult member of the household. It's living some place where you can walk to buy your groceries and where you can have access to transit.

Twenty-six per cent of North Americans now between the ages of 16 and 34 do not have driver's licences and have no intention of getting them. If you think of what a rite of passage it was for most of us in this room, that's an extraordinary change. Faced with that, cities will succeed, including our city, to the extent in which they embrace this new paradigm. We can choose to be proactive—to deal with mobility, to deal with climate change, to deal with a range of social issues for diverse populations, diverse in terms of culture, but also in terms of age, and deal with the issues of young families. The other choice is we can be a grudging laggard and opt for hanging on desperately to the old paradigm and trying to succeed by being a low-wage, low-tax environment, with minimal services and technologically unsophisticated.

I think what's really interesting about the election last night, for me, is it was a referendum on life support for cities. If you actually look at the seats that were won and lost, all the cities that are experiencing extreme congestion, all those pressures that I've talked about, were the ones who opted for change. I think we've answered that question, for the moment, in the Province of Ontario, at a high level. Now the proof is in the doing.

When Chris asked me to write a little piece in the Star under the Big Idea rubric, what I suggested is the key to dealing with these issues is getting out of silos. We have created professions. We've created ways of doing things, which are all about juggling one ball at a time and talking about one thing at a time, whether it's transit or housing or public health. The truth is, they're all connected. So my thesis was "connect the dots." If we see that what we really need to use our resources efficiently, our limited resources efficiently, are lateral solutions where we're solving multiple problems at one time and where we're getting over false dichotomies.

A really obvious one is the false dichotomy that's been perpetuated between dealing with the environment and prospering economically. Clearly the world is making a shift to a green economy. Any part of the world that refuses to do that is going to find itself behind the eight ball. We have to get denser. We have to get more diverse. We have to cultivate civil society and all of its resources.

The dichotomy between public and private is another one of those false dichotomies. I think in looking beyond the silos, we have potential in this city. We already have a huge leg up in our relative peace and harmony in an extraordinary diverse population over all the jurisdictions in North America, I would say. We have a huge leg up. We have lots to build on. I think if we embrace the change, rather than hold back and fight it, the future is ours.

Christopher Hume

Thank you, Ken. Patrick.

Patrick Luciani

Thank you. We've got two great planners here. My background isn't in planning. I see myself more as a citizen of Toronto.

Christopher Hume

That's good enough.

Patrick Luciani

We're all experts as far as cities are concerned. Depending on who you are, where you live, what you do, you see different problems. You might even see different solutions. When Chris asked me to do a piece for the Star as well, I was thinking about Toronto. Rather than looking forward, I was looking back. I said, "If you were here in Toronto 40 years ago and you come to Toronto today, what would you see?" You would see a dynamic city, a city that's grown completely contrary to what a lot of planners had hoped Toronto would be 40 years ago, because cities are very, very organic places. You can't really control what their priorities are or what their development patterns are going to be.

If I were to come back to Toronto 40 years from now, what would I see? I'd see a dynamic city with a lot of better shopping, a tremendous number of restaurants, very creative housing, a very, very progressive and interesting art community. But what you would recognize would be our public transit system. The fact that in 2014 the TTC is still giving out paper transfers tells you a lot about what's actually happened in our public sector. What

I've concluded was that the dynamism of the city is basically being propelled by the private sector rather than the public sector. If we really want a dynamic city in the next 40 years, we're going to have to find a way for the public sector to become more creative. They're going to have to become more risk-taking, and they're going to have to, in a sense, invest in ideas that they don't have now. If we don't, then we're going to be back in this panel 40 years from now wondering what actually had happened.

That's what I want to leave you with. I want to leave you with the notion that, if you take a look at what's happening to Toronto, it is basically being driven by individuals with visions in the private sector rather than the public sector. The public sector simply seems to be incapable of taking care of some of the problems that we need. I'm not going to say that all of the things in the public sector haven't worked out. That's not true. But the one big thing, and it's been alluded to by Paul and Ken, is that public transit and traffic has been an absolute disaster for the city and it's holding us back. Unless we have good, creative ideas to deal with this—and I've recommended one thing in the Star article, which got a tremendous amount of criticism—we should privatize our public transit system. Now, when I say to privatize it, of course that implies a lot of negative aspects to it. But we have to unleash a level of creativity that we have never seen before in the public sector. That's a theme that perhaps we can get into as we finish up our lunches and continue our discussion this afternoon.

Christopher Hume

Thank you, Patrick. I should have explained that the three panelists here today were all invited to write ideas for the Toronto Star's Big Ideas series, which continues, although this part of it is over with. We had five or six weeks of big ideas ranging from the kinds of things these guys wrote about to the argument that we should leave our bars open until 6:00 o'clock in the morning, if you can believe it.

I wanted to kind of mix things up a bit and talk about things other than booze. I think Patrick gets at something that we can't ignore. I think that it's about planning and somehow our failure as a city to harness the energy of the private sector. We have a planning department that seems to me—and I guess I'm talking to you, Paul—at odds with the manifest destiny of Toronto. It seems to want to squash things because they're too tall. It wants things according to a set of rules that may or may not make sense any longer. I'm not sure. Is it just my imagination? Is it just our planning department? Is it the same everywhere? How can we take better advantage of this enormous energy that's changing this city?

Paul Bedford

I would say the answer is mixed. I think the planning department—of course you'd expect me to say this because I'm somewhat biased—is doing a lot of good things, especially under the leadership of Jennifer Keesmaat, the new chief planner. It is struggling with enormous, unprecedented growth. I think you all know there are 150-plus cranes in the air in the city, the most in North America, to keep up with that. So there's a challenge.

But I hear what Chris is saying. I think he's referring or alluding perhaps to the David Mirvish proposal on King St., among others. There was a very, very bold proposal for the three towers, that is now going to be two, I gather. I assume it will probably move ahead in some form or another. I think the constant thing that the planning department always has to do is balance off local issues and city-wide issues. You have to do both. The role of a planner—I teach my students this—is to do two simple things. You have to provide solutions to current problems and develop ideas for the future. You've got to do both. You don't just do one of those things or you're useless. I think, frankly, with planners, like any profession, there's good, and there's mediocre, there are some who aren't so great, and they're all struggling with balance and how to respond to those pressures. I think in that kind of environment the potential is there.

I actually feel very positive. I think that the plan is going through a review process. The transportation issue is coming into focus, I believe, finally. Just on that—and I want to digress for a second—I think we need more of everything. We need to electrify the GO network. It's a no brainer. Those tracks are sitting there empty all day long except for the Lakeshore quarter. What the hell? You want to electrify it and have a 15-minute service throughout that whole network. That's critical.

You need more subways in the right places, but you don't build subways where they cost a fortune and there are no riders on them, because you're going to tie up the land use. You need more buses on the street. You need more streetcars. You guys know that just the streetcar network in this city carries far more people a day than the entire GTA GO system. Just the streetcar network. It's important. But people don't sort of connect all this. I think all these pieces are on their agenda, and they're struggling to, as Ken says, connect the dots and bring them forward.

Christopher Hume

But Paul, just to get back to what Ken was saying, there's a post-war planning paradigm, which puts shopping here, residential here, all neat and tidy. We've discredited that now, although I think those regimes still exist in many places. I want to know where these ideas come from. Surely the whole point of Jane Jacobs was to make the obvious obvious. Is planning a profession that can rid itself of this intellectual baggage that it brings with it, these discredited notions about what a city should be, how we want to live, and actually look at the evidence and draw from that to tell us how we should plan?

Paul Bedford

I know Ken is dying to say something.

Christopher Hume

Sorry, Ken.

Paul Bedford

I think we're doing that. I think if you look at the mixed use—mixed is the keyword—in terms of walk to work, employment, housing choice, the whole range of housing choice throughout your entire life cycle, from the first rental apartment as a student to the nursing home, should be in all communities. You don't just want to go to Mars when you have to leave your house. All of those philosophies, those outdated philosophies, are not found in the official plan of today, are not found in Places to Grow. You don't find them in a lot of the practices in this city. But as Ken says, we're going through this paradigm shift. There are still a lot of people who still believe in the separation of uses and the reliance on the car. But that's clearly changing, and I think the planning department is in sync with that.

Christopher Hume

Maybe it's just having a hard time keeping up.

Paul Bedford

That's part of it.

Christopher Hume

Ken.

Ken Greenberg

I'm going to start off by recommending a book. You probably all know "Death and Life of Great American Cities" by Jane Jacobs. You may not know "Systems of Survival." "Systems of Survival," I think, is one of her most important books, in which she argues that having a strong public sector and a strong private sector in a dialectical relationship is the key to success in cities. She calls them entrepreneurs and guardians. I think what's happened to us in the last 15, 20 years is it became fashionable for government to attack itself, for people who run for office saying, "Government is discredited, it can't do anything, demoralize it." It's like cutting off your own limbs. I think we now have to get back to a point where we revalidate that relationship and the fact that these are two crucial complementary roles.

I'm just going to tell you a little bit about my day yesterday to illustrate the point. I was in Ottawa. I'm working on two projects there: one with my colleagues, Bruce and Marianne, KPMB, with the Aga Khan Foundation on the Global Centre for Pluralism. I spent the day with a new executive director at the National Capital Commission. He is the kind of civil servant that we really need. He was all about, "How do we implement the plan?" How can we step in and use all the modalities that government can use to execute a plan and make a great place?

I then went over to City Hall, where I'm working with a senior planner at the city. We're doing a public ground plan for the Rideau Centre Arts Court District. We're transforming all the streets in that whole area between the Byward Market, the University of Ottawa, Rideau Centre, and Rideau Canal. There are fantastic people at the city.

In Toronto—and we've got to get over it—we've gone through a period recently where we demoralized the people who were working for us, many of whom are very good and working very hard at City Hall. We made them feel invalid. When Paul and I worked at City Hall—and we go back to David Crombie—we were proud to devote a part of our lives to being in what we called the civil service. It was seen as an honour to serve the city. It may sound a little bit archaic now, but I think it's important that we get back to that understanding that these two roles work best when they work in a partnership, a creative partnership, and where the assigned roles are different, but they enable each other.

Christopher Hume

Patrick, you have talked about the creativity and the innovation that comes from the private sector. What relationship does that have with the public sector? What is government's role? Just to stay out of the way?

Patrick Luciani

The government's role is to make sure the nuts and bolts of the city actually work. Of course, we're talking about anything from garbage pickup, to transit and so on. I was listening to our guests. I always think that planners propose and reality disposes. Let me give you a small example—I might be going off topic a bit—and that is the whole notion that Toronto should become more friendly for bicycles and that we want more lanes for bicycles. I have a bike. I cycle. I've been cycling ever since I've been in Toronto in the '70s. But I also have a car tucked away in a small garage, because I can't rely on the system the way it is right now.

Back to the bicycles for a while. We've encouraged a lot of cycling in some of our major routes along College St., where I live, and University. What seemed like a good idea at the time seems to be a bit chaotic now, that is, with cyclists. We don't have fewer cars on the road. Now we have more of both—cars and trucks and cyclists. The cyclists now are, I think, in an environment, that has become even more dangerous than it was before. That certainly wasn't intended by people, who were pushing for more cycling in Toronto, but just an unintended consequence of the reality of what actually happened. But we have to live with the consequences of basically having more of both now.

When I came here this morning, there was a tremendous amount of traffic. I was wondering why there was so much car traffic coming into the city. Where are they going? Are they shopping? Are they going to work at this hour of the day? I just think it's just a growing city, with a lot more traffic, and a lot more people. I would think that the public transit system, simply as full as it is, Paul, is still incapable of taking care of traffic. I see no plan to make that different. In fact, the streetcars along this route have clogged things up all the way along. The question I ask is, "Why would drivers put themselves through that?" The only answer I can come up with is that taking the alternative way to come into the city is going to be worse; it's going to be more expensive in terms of time and money.

Christopher Hume

But of course, from a passenger's perspective, i.e., mine, it's those cars that are messing things up, not the streetcars. There's a famous picture. I think Paul has it in one of his presentations. It's 50 cars on a road, 50 people standing, and then a streetcar, all with the same number of people having completely different effects on the city. Paul, I just want to get back to something that you were talking about—how we created these silos. We talk about transit, but perhaps transit's not the issue. Perhaps mobility is the issue, and there's a larger package of tools, or whatever you want to call them, techniques—transit, walking, driving, bicycling, crawling along the street, whatever—but we see transit and all these things as separate functions and don't think much about coordinating them. How do we get out of that mentality?

Paul Bedford

Mobility is absolutely it, because people move every day somehow. My wife's in a wheelchair. She moves in a wheelchair. We need to look at that whole spectrum. Just to pick up on Patrick's comment, cars are not going to go away. I know that. People think we can eliminate cars and all problems will be solved. There will always be cars, whether they're electric, or hydrogen-powered, or what have you. For the last 30 years we have not kept up with the kind of investment we need in the transit infrastructure. That relates to the GO question, the TTC question, and other forms of mobility.

I was on the Metrolinx Board, as some of you know, for a couple of terms. We're in the situation now where we're trying to catch up for not doing an awful lot in the last 30 years and looking ahead for the next 30 or 50 when we're going to have 16 million people in this region. Anybody here who's been to New York City knows that cities of that size and those regions don't work unless they have phenomenal transportation systems. That's the challenge that we have now. What kills me is that there are solutions to this, but it's not free. People have to connect the dots, as Ken said, in terms of nothing is free.

When I took you back to 1961 earlier, the provincial government either borrowed money or whatever to build subways and the GO networks. There were different funding formulas and all the rest of it, but somebody paid. It was us, collectively. We've got ourselves into this situation, unfortunately I think now, where a lot of people are expecting all this to be provided, but they don't want to pay for it. If you buy a house, you're generally expected to pay for it. This disconnect is a real, real problem.

The solutions are as controversial as hell. All of you have read the articles about what Metrolinx recommended, the Transit Panel I was on with Anne Golden and a lot of other bodies, Board of Trade and everything else. They're all controversial. There are road tolls. There's sales tax. There's gas tax. There's you name it. Other cities around the world have already had that debate. They already have all those tools. They've done it, because they know that nothing is free. I'm getting off topic again, but it is so critical that we absolutely come to terms with that and bite the bullet on this. You've got to start somewhere. The last thing I'll say on this is that it is absolutely nuts that every time new politicians get elected or come to office at any level of government they chuck it all out and start all over again. We can't afford to do that. That's crazy.

Ken Greenberg

I want to pick up a few threads in the conversation. When Mike Bloomberg was mayor of New York, he had two superb people working in City Hall—Amanda Burden, who was the chief planner, and Janette Sadik-Khan, who was the commissioner of transportation. Broadway from 23rd Street up to Columbus Circle was a public initiative, which has transformed New York in a way that everyone would think is exceptional.

Along with that, to segue into another issue, New York has added huge amounts of proper bike lanes, separated bike lanes, safe ones with curbs, not only in Manhattan, but throughout the boroughs, while we've done virtually nothing. We have this one little bike lane on Sherbourne Street that has a half-hearted curb. It's not really a curb, because the taxis and the cars roll up over it and block the lane. The point is, there is no big city in the world, the size that we are, where people rely on the automobile as a primary means of transit. None. There will be cars. There will be people who need to use cars. But we've long passed the point when we can keep thinking about that as the most important thing to deal with. What's fascinating is Tokyo, which was mentioned, where my son lives, which has almost as many people in a city as the entire population of Canada, where it's really easy to drive. Why is it easy to drive? Because hardly anybody does.

We all have friends in New York. Who has a car in New York, except to go out to the Hamptons on the odd time on the weekend? That's the paradigm shift. We have to aggressively make that move to enable us. As the Board of Trade keeps pointing out, in 2001 there was a $6-billion drag on the local economy because of congestion.

What's fascinating is it's not only Toronto, but every municipality in the 905—Markham with its downtown centre, Richmond Hill with its downtown centre, the Metropolitan Centre in Vaughan, Mississauga, Burlington, Oakville. They're all creating places, which are mixed in the way Paul was describing and where people can walk to things. You may or may not know that in downtown Toronto now, 46 per cent of the people who live in downtown Toronto walk to work. That's not bicycle, that's not transit, that's just walking. Therein lies the answer.

Patrick Luciani

Who was the applause for, by the way?

Christopher Hume

The walkers.

Patrick Luciani

I'm a big believer in markets. I think that people who use the roads, and who drive the roads, have to pay the proper price to do so. We have the capacity, technologically, to almost toll every single road in Metro Toronto, inside the city and outside the city. We can do that. Every car, basically, would have a transponder, and that would be the end of it. We'd basically say, "You want to drive along Queen St. at this hour every day? Then we're going to charge you so much for it." That would clean up the traffic immediately.

We could also, in a sense, use innovative technology, if only our municipal politicians would allow it. We could fix our traffic lights system so they could be sensitive to traffic flow, rather than simply be mechanical devices that stop traffic for 50, 60, 70 seconds, whatever it is. This technology exists out there. The question is, "Why don't we have it? Why don't we use it? Why don't we invest in it and take some chances and take some risks?"

If you go up and down the street or if you live in the city, you see buses lumbering up and down streets with no passengers, big, big buses. We could have much smaller buses doing that. We could actually invite the private sector to run those particular routes for us.

I talked about innovation in the private sector versus the public sector. There's only one idea out there right now that is moving people around a bit better than it was just a year ago, and that is Uber taxi. Now you can use your cell phone to call a cab. This idea of calling a cab now with your cell phone is revolutionizing how people are moving around now in big cities around the world. Why? Because the public sector has protected an archaic taxi industry. Taxis can go places subways and buses can't go. Why isn't that technology encouraged? Because the cities and the municipalities and governments are too much invested in protecting the current structure the way it is, than jobs, increasing, let's say, income for cab drivers and so on. That shouldn't be the priority. Their priority should be to move people around quickly, efficiently, as cheaply as possible and to bring ideas into this city that would encourage more investment rather than discourage it.

I had a couple of other thoughts, but I'll think of them as I go along.

Christopher Hume

Paul.

Paul Bedford

There are so many things we haven't even touched on. We've been tending to talk about transit, for obvious reasons, and mobility. But I also want to talk about the city of the future. We have, as I think a lot of you know, this urban/suburban discussion and the rich and poor discussion. This is a serious thing. There's over 100,000 people on the waiting list now for Toronto Community Housing. It's just growing, growing, growing. The city manager at a recent function I was at said that we're getting to the point where it's not just a crisis, but we're going to have to, if no new funding source comes forward, renovate the housing we've got and provide for this critical need. We will have to actually evict people from the existing housing, close the units because they're uninhabitable. I mean, this is the Detroit scenario. This is nuts. He advocated that a 1-per-cent sales tax or a 1-per-cent income tax or whatever would instantly provide the money to do much of these things, the housing, the transit, etc., etc.

Many of you may or may not know, that so many U.S. cities have a municipal sales tax, have a municipal income tax. This is not a new idea. This has been around for decades. But we don't want to have this kind of discussion. For not only transit, but housing and public realm and all these other things we do need a new revenue source, but we can also do other things that Ken was involved in and I was involved in when we joined the city. We can make far better use of the public land that we own now. What's the biggest source of public land in the city? The roads, the right-of-ways.

Most of you perhaps know Berczy Park, that lovely little park behind the Gooderham and Worts Flatiron Building. Well, Ken and I remember when that was an asphalt parking lot owned by the city. There was a political decision back then by David Crombie and the Council to rip up the asphalt and create a park. Thirty-five, 40 years later, it is what it is. St. George St. between Bloor and College is another example. Where the right-of-way existed was a four-lane road. It was narrowed to two lanes, proper bicycle lanes put in, and the sidewalks and the trees widened. There are so many examples of doing that.

One of the things Jane Jacobs always taught me and is the expression I used when I was at the city: "See, feel, touch." For people to get it, they've got to see some examples. They've got to feel it in their heart, the emotion part, or their gut, and they've got to touch it, because then it's, "I get it. This works." One last piece on this, because it all fits together about connecting the dots, is one of my passions— main streets, the avenues, mixed-use on the main streets, Yonge, College, and so on and so on. Generally mid-rise—five, six stories, seven stories. Chris wrote articles about this in terms of two examples that communities experienced, on lower Ossington and the Lick's Hamburger Place in the Beaches on Queen St. People went nuts. They opposed six stories. It was the end of the world, death, everything. They fought it to the bitter end and lost, OMB approved it. Do you know what happened? The vast majority of people who live in the neighbourhood that opposed it bought a unit and they moved in, because, "See, feel, touch. I didn't know it would be like this. I can stay in the same neighbourhood, sell my house, have half a million bucks in the bank and still have all the network that I had before."

There are all these things that are important. I always think you have to connect big-picture choices that are very difficult for people to grab onto in daily life experience. It is connecting the dots.

Christopher Hume

Before we go any further, are we out of time?

Noble Chummar

About ten minutes.

Christopher Hume

Do we have some questions from the audience? We have about ten minutes left.

Question

I think there are some interesting themes developing here, one of which is, "How do we get innovation in? I would tend not to agree with Patrick and think we actually need some innovation somehow in our public service. Consider this one example. We have a downtown relief line, which is supposed to be the saviour of everything. They say they're going to do it and everyone's behind it. It's scheduled to open in 17 years. This is a third of the way through your 53 years. This is in 17 years. Eight of that is going to be taken up with planning it. Another nine of it is going to be taken up with building it. John Tory comes along and says, "Well, why don't we use the right-of-ways we already have?" I know that there are a lot of people who get very scared because politicians beat down on the public service, but how do we get this innovation? How do we get this to change? Because 17 years is not acceptable.

Christopher Hume

Why doesn't Ken answer?

Ken Greenberg

That triggers a few things for me. The political discussion of one line at a time in a vast city region is nuts. We have to be talking about all technologies, everything from innovative use of taxicabs, to buses, to bus rapid transit, to light rail, to subways, to commuter rail, all together as networks. We have to be talking about issues like fare integration, where we're lagging so badly behind. We have to talk about issues like tolling. All these things together form a network, and they can generate revenues that can be applied to improving parts of the system. You cannot do that kind of planning if every time you have an election you change your mind and you start something completely different.

The cities that have dealt with this successfully in the world have found a way to make the planning for major transportation networks one step removed from the vicissitudes of electoral cycles. For example, in the U.S., which does many things wrong, one of the things they do right is they have a six-year federal transportation bill. The fact that their federal government is involved in funding transportation is already a big difference from our own situation.

There are published criteria for eligibility for the states and the cities to get federal transportation money, i.e., there has to be ridership. They never build lines to nowhere, which we seem so fond of, or lines with no stops or virtually no stops, because you can't get the funding to do that. The six years is deliberately chosen because it doesn't coincide with the electoral cycle. We are in a syndrome. The amount of money that has been wasted in cancelled contracts, in plans that have been drawn up and then abandoned, in vehicles that have been purchased and then not used in recent decades in Toronto, is just appalling.

Christopher Hume

Holes that are being filled in and that kind of thing.

Ken Greenberg

Holes being filled. It's untenable.

Christopher Hume

I have to wonder, Ken, if there isn't some kind of subtext to this whole thing, whether it's planning, or whether it's transit, whatever it may be. There seems to be some kind of subtext, some kind of underlying cause, that manifests itself in these various different ways. Perhaps those issues themselves are not the problem, per se, but there's something about this city that makes it impossible for us to actually make a decision, stick to it, ante up, and see it through.

I know you want to say something, but we have some questions over here.

Question

Yes, I'm glad you just mentioned that, because that was exactly the question I had. If you look at all the issues, all the things we've heard and seen this afternoon, you have to wonder about a decision to create a city governance structure consisting of 40 councillors and a mayor with an equal vote, to look at the way things can't get done and all the issues that surround that kind of a structure. Instead of thinking of the city as a whole, you could think of your neighbourhood or your ward. Vancouver has a very different system. Why don't we get rid of the structure? It was a mistake. Can we find a new way of organizing the way the city government works?

Patrick Luciani

I'm a big fan of Jane Jacobs, but I think sometimes Toronto needs more Robert Moses than Jane Jacobs. We need the province and the city to give power to a planner to do things and execute them. This is a political problem, though. It's a policy problem. Our governments are simply just too weak to execute a lot of these things. We may have too many stakeholders involved in the decision-making process. The reason I actually recommended the privatization of the TTC was to basically do two things: get the TTC out of the hands of the politicians and basically bring in a lot more capital, because the province and the municipalities don't have the money to really do a great job.

Here's a crazy idea. Toronto is one of the world's great cities. I imagine people would want to invest in Toronto from around the world. We could probably get hundreds of billions of dollars for a private investment project for our TTC in terms of building hundreds more subway stations and transit. They would invest in it. How would we pay for it? Well, we could sell air rights at subway stations right across the city in terms of investors getting a return on their capital. This has never been floated, as far as I'm concerned. The time to do it is now, because international capital is so inexpensive. That's how you unleash money coming into the city.

If you keep begging the provincial government for money for transit, it's not going to come. The Feds have no interest, and you're never going to get that 1 per cent or 2 per cent as far as our taxes are concerned in terms of the GST. It's just not going to happen. If it does, it's simply going to be diluted.

Christopher Hume

Foreign money already owns half the condos in Toronto. It already owns the 407. I think Patrick raises a good point, but we're going to get another question from over here.

Question

This question builds on the other two in that it has to deal with the system of governance and the way that ideas are put forward. There are two basic ways that governance can happen. There's the whole top-down model, and then there's the bottom-up model where there is a lot of citizen participation. You mentioned the "Systems of Survival" by Jane Jacobs, talking about entrepreneurs and guardians. In terms of entrepreneurs, I'm with a start-up company. We're looking at a platform that would allow citizens themselves to put forward their suggestions, with a lot more real-time feedback happening, rather than a system with 40 councillors and representation like that. The technology exists nowadays that everybody can have a voice. We don't necessarily have to go through a human means to get to the top. I'm wondering if you can talk for a moment about matching the two different systems, because they are both necessary—the top-down governance and the bottom-up. See how those can be reconciled or matched.

Ken Greenberg

Great question. I want to first just pick up on the question that you asked, “Chris, is there a big theme underlying all these dysfunctional situations?” I think we’ve been having a big argument with ourselves about whether or not we want to grow up. That’s basically it. We’re a big gangling adolescent. We’ve outgrown our clothes. We don’t know whether we want to be an adult or remain this kind of irresponsible teenager.

Christopher Hume

I have a feeling we don’t want to be an adult.

Ken Greenberg

Having said that, I think the point you’re raising is really interesting in a couple of ways. One of them is a wonderful concept called subsidiarity—you make decisions at the lowest competent level where thosedecisions can be made, and you only elevate things when it’s necessary to look at a bigger picture. I think with amalgamation, we totally lost track of that. We’ve created something which is both too big in terms of the internal workings of the city and too small in terms of the Greater Toronto-Hamilton area or the Golden Horseshoe. We’ve got to come to terms with that.

The other thing that I think is really interesting is that in the private world and the world of communication that we’re all increasingly adept at—if everybody was 10 or 15 years younger, we’d be even more adept at it—there’s all this immediate feedback and the ability to get responses and so on. Our government systems are caught in a time warp. When you get notice of a rezoning, you get a letter in the mail. If you go online, you get a long, dense piece of text. There’s no imagery. We have interactive technology, so when a rezoning comes up in your neighbourhood, you should be able to go on a three-dimensional interactive model and move around your neighbourhood and see exactly what it’s like. That’s what the private world does. There’s a huge opportunity to take all of these technologies that are now currently available and just upgrade our ability to communicate and create feedback loops that would accelerate and make better decision making.

Christopher Hume

You know what? We're out of time. One last comment.

Paul Bedford

On the governance, I think there are solutions if you look at other cities, but it's got to be a made-in-Toronto solution—what works at the city-wide level and what works on a more local scale. Ken and I have been involved with the Community Board system in New York City, eight and a half million people, but there are 59 community boards of about 150 to 200,000 each. They are closest to the decision making. And there's a planning board, and all that stuff flows up from the bottom to the city council. So there are many models.

Christopher Hume

On that optimistic note, we've run out of time. Thank you very much for coming. I'd like to wish the students over there in the corner the very best of luck in 2050. We'll be thinking of you.

The appreciation of the meeting was expressed by Jim Kershaw, Senior Vice-President, Head of Business Management and Strategic Initiatives, TD Wealth Private Investment Advice.

CONSTITUTION

The Empire Club of Canada By-Law No. 1

Being a special by-law relating generally to the administration of affairs of The Empire Club of Canada

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The following is hereby enacted as By-Law No. 1 of The Empire Club of Canada (hereinafter called the "Club"):

ARTICLE I *Definitions and Interpretation*

Section 1.01 Definitions

In this By-Law, the following words and phrases shall have the following meanings, respectively:

a) **"Act"** means the *Corporations Act*, R.S.O. 1990, c.C.38 as amended, and every statute that may be substituted therefore and, in the case of such substitution, any reference in the

By-Law of the Club to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;

b) **"Board"** means the board of Directors of the Club;

c) **"By-law"** means this By-Law and all other by-laws and special by-laws from time to time in force and effect;

d) **"Club"** means the corporation incorporated by Letters Patent issued on the 26th day of March 1912, pursuant to *The Ontario Companies' Act* and operating under the name of The Empire Club of Canada;

e) **"Notice"** means, the provision of information, orally, or in writing, and may be communicated via telephone, facsimile transmission, publication, or electronic mail, and is deemed to be effective on the date the notice is sent or published, and such Notice shall be sufficient if addressed to the Members at their respective Recorded Address, and deposited post paid in the post office in Toronto;

f) **"Recorded Address"** means, in the case of a Member, his or her address as recorded in the register of Members and, in the case of a Director, Officer, auditor or member of a committee of the Board, his or her address as recorded in the records of the Club;

g) **"Registered Office"** of the Club will be at such location in the City of Toronto as determined by the Board from time to time;

h) **"Special Resolution"** means a resolution passed by the vote of at least two-thirds of the Members present and voting at a duly convened meeting;

i) **"Member"** means a member of the Club; and

j) **"Officer"** means those officers of the Club set out in Article VIII.

Section 1.02 Interpretation

This By-Law shall be interpreted in accordance with the following, unless the context otherwise specifies or requires:

a) Words importing the singular number or the masculine gender shall include the plural number or the feminine gender, as the case may be, and vice versa, and references to persons shall include individuals, firms and corporations; and

b) Headings used in this By-Law are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

Section 1.03 Repeal of Previous By-Laws

All previous By-Laws relating to the administration of the affairs of the Club are hereby repealed and replaced with this By-Law.

ARTICLE II *Business of the Club*

Section 2.01 Name

The name of the Club is "The Empire Club of Canada."

Section 2.02 Registered Office

Until changed in accordance with the Act, the Registered Office of the Club shall be in the Province of Ontario and at such location therein as the Board may, from time to time, determine by resolution.

Section 2.03 Corporate Seal

The seal, an impression whereof is stamped in the margin hereof, shall be the seal of the Club.

ARTICLE III *Purpose and Object of the Club*

The purpose and object of the Club is to promote the interests of Canada and the British Commonwealth of Nations.

ARTICLE IV *Membership*

Section 4.01 Classes of Members

The membership of the Club shall consist of:

a) Life Members;
b) Senior Members
c) Regular Members;
d) Junior Members; and
e) Spousal Members

All members of classes (a), (c), and (e), must be the full age of eighteen years (excepting Senior Spousal Members), and otherwise have the capacity under law to contract.

Section 4.02 Life Members

Members of the Club in good standing may be elected to be Life Members by a two-thirds majority of those present at a Board meeting. Life Members shall pay one fee only, variable by age of the applicant, as may be fixed and published from time to time by the Board of Directors.

Section 4.03 Senior Members

Senior Members of the Club shall be of such age, and employment status, as determined by the Board of Directors from time to time.

Section 4.04 Regular Members

Candidates for Regular Membership shall be proposed by a Member in good standing and shall be elected by a two thirds majority of those present at a Board meeting.

Section 4.05 Junior Members

Candidates for Junior Membership shall be between the ages of 14 and 35 years, proposed by a Member in good standing, and elected by a two-thirds majority of those present at a meeting of the Board of Directors.

Section 4.06 Spousal Members (Regular and Senior)

Spousal Members are charged annually a lesser membership fee for a spouse living at the same address as a Regular Member, Junior Member, or Senior Member.

Section 4.07 Membership Fees

a) All Members (excepting Life Members) shall pay respectively such annual fees as may be fixed and published from time to time by the Board of Directors;
b) All Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the 30th day of September in the following year; and
c) For all Members, membership shall end June 30, and if any Member is in arrears for fees after February 1 of the following year, such Member will no longer be considered in good standing.

ARTICLE V *Directors*

Section 5.01 Duties and Powers of Directors

The affairs of the Club shall be managed by a Board of Directors who may exercise all such powers and do all such acts and things as may be exercised or done by the Club.

Section 5.02 Number

The Board of Directors shall comprise 40 persons and shall include all of the following:

a) 30 Members;
b) The four Immediate Past Presidents; and
c) six Officers.

Section 5.03 Quorum

Ten Directors present at a meeting of the Board shall constitute a quorum.

Section 5.04 Qualification of Directors

Each Director shall:
a) be at least eighteen (18) years of age;
b) be a Member of the Club;
c) not be an undischarged bankrupt; and
d) have the capacity under law to contract.

Section 5.05 Nomination and Election of Directors

Nominations for election as Director at the Annual Meeting of the Club may be made in accordance with the following process:

a) The Board shall charge a committee with responsibility for the nominations process relating to the election of Directors, (the "Nominating Committee"), which shall consist of five Directors and four other Members of the Club;
b) The Nominating Committee shall be appointed annually by the Board of Directors in accordance with Article 7.01;
c) The Nominating Committee shall prepare a list of the nominations for Directors for the ensuing year;
d) The Chair (or acting Chair) of the Nominating Committee shall report the nominations to the Annual Meeting at which the Board of Directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of Director at the Annual Meeting;
e) If nominations do not exceed the number of Directors necessary, the Chair of the meeting may instruct the Secretary to cast one ballot in favour of those so nominated and thereupon

such persons shall be declare by the Chair to have been duly elected;

f) If the nominations exceed the number of Directors necessary, the Chair will call for a show of hands, unless a poll be demanded by the Chair or by any candidate for election. Upon a show of hands every member having voting rights shall have one vote and a declaration by the Chair that a resolution has been carried or not carried followed by an entry to that effect made in the minutes of the Club shall be prima facie evidence of the fact without proof of the number or proportion of the votes accorded in favour or against such resolution. The demand for a poll may be withdrawn, but if a poll be demanded and not withdrawn the question shall be decided by a majority of the votes cast and such poll shall be taken in such manner as the Chair shall direct. The result of such poll shall be deemed the decision of the Club upon the matter in question. In the event of the equality of the votes cast, whether by a show of hands or by a poll, the Chair shall be entitled to a second or casting vote; and

g) No person shall be elected a Director unless he is a Member in good standing.

Section 5.06 Honorary Directors

A Member, whose service to the Club has been exemplary, may be elected to the position of Honorary Director annually by a two-thirds majority of Directors, subject to re-election.

Section 5.07 Remuneration of Directors

The Directors shall receive no remuneration for acting as such.

Section 5.08 Casual Vacancies

In the event of any vacancy occurring in the office of Director, the remaining Directors may fill the vacancy from among the Members for the unexpired portion of the term of office of the person whose office is vacant.

ARTICLE VI *Meetings of The Board*

Section 6.01 Procedure

The procedure for regular Board meetings is as follows:

a) Board meetings shall be called by the President, or on a requisition signed by ten Directors;

b) The President shall, when present, preside at all meetings of the Members and of the Board of Directors. During the absence or inability to act of the President, the Vice- Presidents in order of seniority, shall act as Chair at such meetings;

c) Questions arising at any meeting of the Directors shall be decided by a majority of votes unless otherwise specifically provided by statute or this By-Law. In the case of an equality of votes, the Chair of the meeting, in addition to his original vote, shall have a second or deciding vote;

d) All votes at any meeting shall be taken by ballot if so demanded by a majority of Directors present, but if no demand be made, the vote shall be taken by a show of hands; and

e) A declaration by the Chair of the meeting that a resolution has been carried and an entry to that effect in the minutes shall be admissible in evidence as prima facie proof of the fact without proof of the number of proportion of the votes recorded in favor of or against such resolution.

Section 6.02 Notice

a) Notice shall be given to each Director and Honorary Director five days or more before the Board meeting is to take place, provided that a Board meeting may be held at any time if all Directors are present or if those absent have waived Notice or otherwise signified their consent to such meeting being held in their absence, in writing;

b) Notice of regular Board meetings may be given via telephone, facsimile transmission or electronic mail to each Director, and Honorary Director;

c) Waiver of Notice may be given via facsimile transmission or electronic mail to each Director, and Honorary Director; and
d) The Board may appoint a day or days in a month or months for regular meetings, at an hour or place to be named, and of such regular meetings, no notice need be given.

ARTICLE VII *Committees*

Section 7.01 Standing Committees

The following standing committees and the Chair of each shall be appointed by the Board of Directors as soon as convenient after each election of the Board:

a) Budget and Finance Committee;
b) Speaker's Committee;
c) Membership Committee;
d) Constitution and Corporate Governance Committee;
e) Reception Committee;
f) Publicity and Public Relations Committee;
g) Yearbook Committee;
h) Head Table and Attendance Committee; and
i) Nominating Committee;

provided that for any year the Board of Directors may by resolution elect not to appoint any one or more of such committees.

Section 7.02 Other Committees

The President or the Board of Directors may from time to time appoint such other Committees as may be deemed expedient, necessary or appropriate for such purposes and with such powers as the President or the Board shall see fit. Any such Committee may formulate its own rules of procedure, subject to such regulations or directions as may from time to time be made by the President or the Board.

Section 7.03 Removal from Committees

Any committee member may be removed by resolution of the Board.

ARTICLE VIII *Officers*

Section 8.01 Appointment of Officers

The Board of Directors shall meet as soon as convenient after their election for the purpose of appointing the Officers of the Club for the period ending June 30th in the next year, but each Officer shall continue in office until his successor is appointed. No notice of the meeting to appoint new Officers is required if this meeting is held immediately after the Annual Meeting.

Section 8.02 Honorary Officers

The Honorary Officers of the Club shall consist of the following:

a) Honorary President;
b) Honorary Vice-President;
c) Honorary Chairman;
d) Honorary Secretary;
e) Honorary Treasurer; and
f) Honorary Solicitor.

Section 8.03 Officers

The Officers of the Club shall consist of the following:

a) President;
b) First, Second and Third Vice-Presidents;
c) Secretary; and
d) Treasurer.

Section 8.04 Qualifications

a) All Officers other than Honorary Officers shall be Directors of the Club;
b) No person other than the Honorary President and the Honor-

ary Vice-President shall be eligible for office unless he is a Member in good standing; and

c) In the event of a vacancy occurring in any office, the Board of Directors may fill the vacancy for the un-expired portion of the term.

ARTICLE IX *Regular, Special and Annual Meetings*

Section 9.01 Regular Meetings

The Club shall hold Regular Meetings weekly, if possible, from September to June, inclusive, with such intermissions as may from time to time be determined by the Board of Directors.

Section 9.02 Special Meetings

Special Meetings of the Club may be called at any time by the President, or on a requisition signed by ten Directors.

Section 9.03 Annual Meetings

The Annual Meeting shall be held not later than June 30th of each year. At the Annual Meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim financial report from the Treasurer.

Section 9.04 Notice of Meetings to Members

a) Notice of all Regular Meetings shall be given to all Members of the Club at their Recorded Address;

b) Notice of all Special and Annual Meetings shall be given to all Members of the Club at least ten days prior to the date upon which the meeting is to be held; and

c) The accidental failure or omission to give notice to any Member shall not invalidate the proceeding at any meeting.

Section 9.05 Quorum at Meetings

Sixteen Members in good standing shall constitute a quorum at any meeting of the Members of the Club.

Section 9.06 Limitation of Business at Regular Meetings

No business shall be introduced at any Regular Meeting of the Club by any person other than the Chair of the meeting, unless it has been approved by the Board prior to the meeting.

ARTICLE X *Fiscal Year*

The fiscal year of the Club shall end on such day in each year as may be fixed by the Board of Directors, but if not so fixed by the Board, it shall end on June 30.

ARTICLE XI *Not-For-Profit Corporation*

The Club shall be operated without the purpose of gain for any of its Members and any profits or other accretions to the Club shall be used in promoting the objects of the Club.

ARTICLE XII *Amendment of By-Laws*

The By-Laws of the Club may be repealed or amended by a bylaw enacted by the Board of Directors and sanctioned by an affirmative vote of two-thirds (2/3) of the Members at a meeting duly called for the purpose of considering such repeal or amendment.

ARTICLE XIII *Auditor*

a) An Auditor shall be appointed at each annual meeting at a remuneration to be determined by the Directors.

ARTICLE XIV *Indemnification of Directors and Officers*

Section 14.01 Protection

For the protection of Directors and Officers:

a) No Director or Officer shall be liable for the acts, receipts, neglects or defaults of any other Director, Officer or employee or for any loss, damage or expense happening to the Club through the insufficiency or deficiency of title to any property acquired by order of the Board or for or on behalf of the Club or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Club shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or company with whom or which any moneys, securities or effects shall be lodged or deposited or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of such Director's or Officer's respective office or trust or in relation thereto, unless the same shall happen by or through such Director's or Officer's own wrongful and willful act or through his own wrongful and willful neglect or default.

b) Directors and Officers shall not be liable to the Club for any costs, charges, expenses, loss or liability which the Club shall suffer or incur for, by reason of, arising out of, or in any way relating to any act, deed, matter or thing made, done or permitted to be done or omitted to be done by him in the performance of his duties and functions (or in the performance of what he honestly believed was in the proper performance of his duties and functions), provided he acted or made such omission honestly, in good faith and without fraud or fraudulent intent.

Section 14.02 Indemnity

Every Director or Officer of the Club, and his heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the Club from and against:

a) any and all costs, charges and expenses whatsoever which such Director or Officer sustains or incurs in or about any action, suit or proceeding that is brought, commenced or prosecuted against him, for or in respect of any act, deed, matter or thing whatsoever made, done or permitted by him, in or about the execution of the duties of his office; and
b) any and all costs, charges and expenses that he sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by his own willful neglect or default.

Section 14.03 Insurance

The Board shall cause to be purchased such insurance as it considers advisable and necessary to ensure that Directors and Officers will be indemnified and saved harmless in accordance with this By-Law; the premiums for such insurance coverage shall be paid from the funds of the Club.

ARTICLE XV *Financial Matters*

Section 15.01 Authorized Signing Officers

Contracts, documents or other instruments in writing requiring the signature of the Club shall be signed by any two Officers and all contracts, documents, and instruments in writing so signed shall be binding upon the Club without any further authorization or formality. The Board shall have power from time to time by resolution to appoint an Officer or Officers on behalf of the corporation to sign specific contracts, documents and instruments in writing. Any financial obligation in excess of $25,000 to be incurred by the Club shall require Board authorization.

Section 15.02 Banking and Borrowing

a) Bank accounts of the Club shall be kept at such banks and in such places and shall be operated in such manner and by such person or persons as the Board shall from time to time determine by by-law.

b) The Board may from time to time:
   i) borrow money on the credit of the Club;
   ii) issue, sell or pledge debt obligations (including bonds, debentures, debenture stock, notes or other like liabilities whether secured or unsecured) of the Club;
   iii) charge, mortgage, hypothecate or pledge all or any currently owned or subsequently acquired real or personal, movable or immovable property of the Club, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed, or other debt or liability of the Corporation; and
   iv) delegate the powers conferred on the Board under this paragraph to such Officer or Officers of the Club and to such extent and in such manner as the Directors shall determine.

Section 15.03 Investments

The Board may invest in any investments which are authorized by the Club's investment policy as determined by the Board from time to time.

Section 15.04 Trust Funds

a) No benefit given in trust to or to the use of the Club for endowment purposes shall be hypothecated, transferred or assigned to obtain credit or to receive funds except as allowed by the *Trustee Act* (Ontario);

b) The Secretary shall keep at the Registered Office of the Club copies of all testamentary documents and trust instruments by which benefits are given, bequeathed or devised to, or to the use of, the Club;

c) The Club shall apply any trust funds of the Club only to the designated purpose(s) for which such funds were intended. Under no circumstances shall the Club transfer any funds held in trust by the Club to any other individual or entity, unless such transfer complies with all applicable law, including without limitation, the *Charities Accounting Act* (Ontario) and the *Trustee Act* (Ontario); and

d) The Treasurer shall at least semi-annually provide an accounting to the Board with respect to all funds held in trust by the Club.